

DECEMBER 1957

Mortgage Banker

UNION OF MORTGAGE BANKERS
NEW YORK, N.Y.



The changing of the guard: outgoing President John F. Austin, Jr., congratulates newly-elected President, John C. Hall. Center, Walter C. Nelson, newly-elected Vice President.



in this issue — — — — —

PROSPECTS FOR MORE MONEY FOR
MORTGAGES IN 1958 + REPORT FROM
DALLAS ON MBA'S BIG CONVENTION



TITLE INSURANCE SERVICE CAN BE FRIENDLY, TOO!

Through the years, cordiality has been a hallmark of the service provided by Louisville Title. Many of the country's foremost mortgage bankers have found that friendliness goes hand-in-hand with speed, accuracy, and an appreciation for individual needs when they give us a job to do.

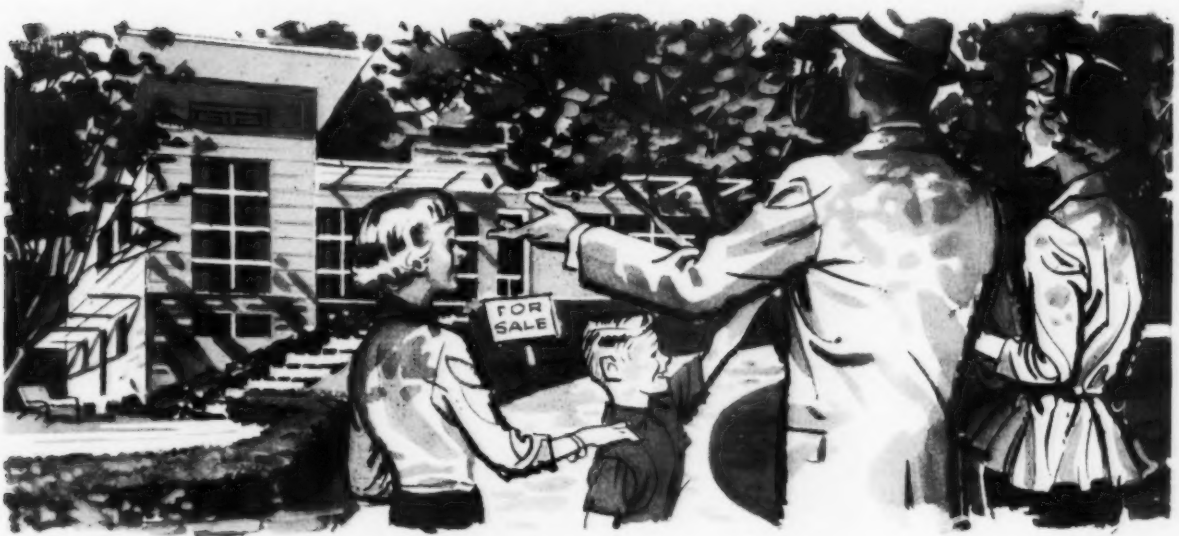
Let us work out for you a customized title insurance service that fits your needs exactly. We are an organization old in experience— young in action—capable in performance . . . recognized as one of the nation's leading title insurance companies. *We'd like to send you complete information about our service.*



LOUISVILLE TITLE INSURANCE COMPANY

HOME OFFICE • 223 S. FIFTH STREET • LOUISVILLE, KENTUCKY

ONLY AS SECURE AS ITS COVERAGE



COMPREHENSIVE PERSONAL LIABILITY INSURANCE

This broad policy indemnifies and protects the homeowner against virtually all legal liability claims which might arise out of ownership or maintenance of his home. The policy also extends to cover the personal acts of the insured and immediate members of his family such as their participation in various sports activities, as well as other non-business pursuits either on or away from the premises. This valuable coverage may be written under a separate policy or may be added by endorsement to a fire policy at small cost.

REPUBLIC

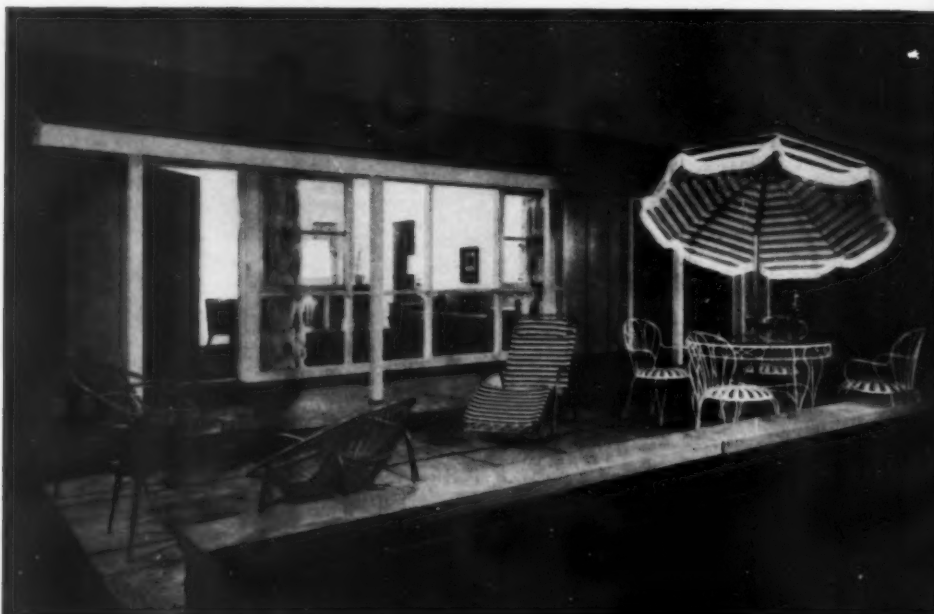


VANGUARD INSURANCE COMPANIES

Home Office • 2727 Turtle Creek Blvd. • Dallas 19, Texas

Los Angeles, California	New York, New York	Chicago, Illinois
675 South Park View	110 Fulton Street	309 West Jackson Blvd.
Los Angeles 57, Calif.	New York 38, N. Y.	Chicago 6, Ill.

*Home buyers are talking about
THE NEW INLAND CONTEMPORARY HOME
fully reported in October "Living for Young Homemakers"*



INLAND CONTEMPORARY HOME, MODEL C (174-G), designed by Karl Tiedinger, A.I.A. Features an unusual kitchen with Youngfleurs radiometer-hub and Monterey touch-front cabinets. Tappan

New Inland Homes Contemporary

See how Inland's spacious living fits your family



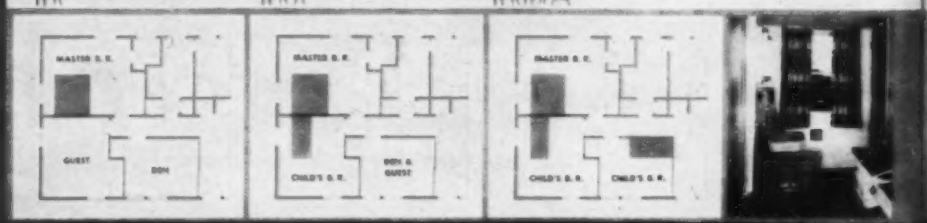
as it grows



..... and grows



..... and grows!





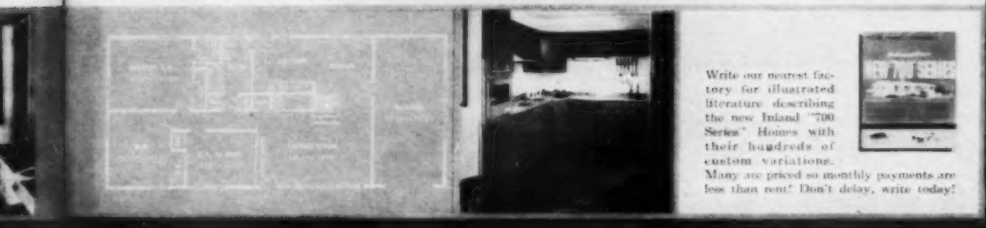
Tappan wall rack and counter-top range. Family-sized bath plus private lavatory. Windexhouse Speed-Mate washer and dryer. Spacious living and dining areas and a really convenient bedroom arrangement.

ry - Spacious living at a price you'll like.

We also manufacture 70 other homes in styles to suit every taste and pocketbook.

Inland Homes
CORPORATION

Box 915, Piqua, Ohio. Phone 3880
Box 137, Hanover, Penna. Phone Melrose 7-6681



Write our nearest factory for illustrated literature describing the new Inland "700 Series" Homes with their hundreds of custom variations. Many are priced so monthly payments are less than rent! Don't delay, write today!

More than 2,000,000 readers . . . many of them ready right now to select their homes . . . have seen LIVING'S multi-page story, showing every fine feature of our new "700 Series" homes. In addition, they read our full-color spread advertisement, reproduced in black and white above, which appeared in the same issue.

Inland builder-dealers will profit from the demand created

when home seekers see the advantage of buying and living in our new contemporary homes, featured in LIVING.

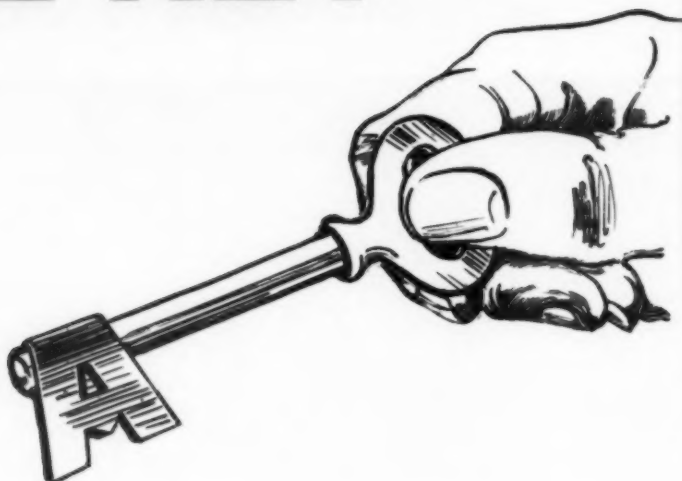
The Inland "700 Series" gives you a wide variety of models to fit just about every conceivable requirement of family living.

You are invited to write or call either our Piqua or Hanover offices for full facts on these, and other, Inland homes. Now's the time!

Inland Homes
CORPORATION

Box 915, Piqua, Ohio. Phone 3880
Box 137, Hanover, Penna. Phone Melrose 7-6681

THE KEY



TO PROTECTION*

*There is no better
protection for a mortgage
than title insurance by
American Title.

Licensed to write title insurance in—

ALABAMA • ARKANSAS • COLORADO • FLORIDA • GEORGIA • INDIANA • KANSAS • KENTUCKY
LOUISIANA • MICHIGAN • MINNESOTA • MISSISSIPPI • MISSOURI • MONTANA • NEW MEXICO
NORTH CAROLINA • NORTH DAKOTA • OHIO • OKLAHOMA • SOUTH CAROLINA • TENNESSEE
TEXAS • WEST VIRGINIA • WISCONSIN • WYOMING • PUERTO RICO • VIRGIN ISLANDS

Efficient Service based on 21 years' experience



MBA 1958 Calendar

January 21-23, Senior Executives Conference, New York University, New York

January 26-28, Senior Executives Conference, Southern Methodist University, Dallas

February 6-7, Mortgage Servicing Clinic, Emerson Hotel, Baltimore

February 24-25, Midwestern Mortgage Conference, Conrad Hilton Hotel, Chicago

February 26, Board of Governors Meeting, Conrad Hilton Hotel, Chicago

March 6-7, Mortgage Servicing Clinic, Statler Hotel, Detroit

March 24-25, Southern Mortgage Conference, Dinkler-Andrew Jackson Hotel, Nashville

April 14-15, Eastern Mortgage Conference, Hotel Commodore, New York

April 16, Board of Governors Meeting, Hotel Commodore, New York

April 21-22, Western Mortgage Clinic, Hotel Lassen, Wichita

May 8-9, Southwestern Mortgage Clinic, Del Coronado Hotel, San Diego

June 22-28, School of Mortgage Banking, Courses I and II, Northwestern University, Chicago

June 29-July 5, School of Mortgage Banking, Course III, Northwestern University, Chicago

July 27-August 2, School of Mortgage Banking, Course I, Stanford University, Stanford, California

August 3-9, School of Mortgage Banking, Course II, Stanford University, Stanford, California

November 3-6, 45th Annual Convention, Conrad Hilton Hotel, Chicago

The Mortgage Banker

please route to:

PUBLISHED MONTHLY BY THE MORTGAGE BANKERS ASSOCIATION OF AMERICA

GEORGE H. KNOTT, Editor

Executive and Editorial Office
111 West Washington Street, Chicago 2 1001-15th St., N.W., Washington 5, D. C.
Tel. Randolph 6-5704

Washington Office

Tel. Metropolitan 8-4258

THE MORTGAGE BANKER is distributed monthly to members of the Mortgage Bankers Association of America. Opinions expressed are those of the authors or the persons quoted and are not necessarily those of the Association. Advertising rates on request. Subscriptions: Of the Limited, Regular and Associate dues, \$4.00 is for a year's subscription to THE MORTGAGE BANKER, the official monthly publication of the Association. Separate copies 35¢. Entered as second class matter at the post office at Chicago, Illinois, under the Act of March 3, 1879.

Volume 18

DECEMBER, 1957

Number 3

Contents

A Lesson We Haven't Learned: How to Achieve Economic Stability by Elliott V. Bell.....	10
Demand for Money Will Go on Exceeding the Supply by Dr. James J. O'Leary..	21
Mortgage Volume Increase in 1958 May Go Above 1957 by Dr. Jules I. Bogen..	24
President's Page	29
Report from Dallas.....	30

MORTGAGE BANKERS ASSOCIATION OF AMERICA

JOHN C. HALL
President

WALTER C. NELSON Vice President	FRANK J. McCABE, JR. Executive Vice President	P. S. BOWER Treasurer	SAMUEL E. REEL General Counsel
LEWIS O. KERWOOD Director, Education and Research	RICHARD G. OLLER Assistant Director, Education and Research	JAMES G. WASSON Director, Servicing and Accounting	ROBERT J. MURPHY Assistant Director, Servicing and Accounting
ROBERT J. BERAN Assistant Director, Public Relations		DAVID C. TOLZMANN Director of Meetings	

Advisory Council of Past Presidents: John F. Austin, Jr., Houston; Lindell Peterson, Chicago; Wallace Moir, Beverly Hills; William A. Clarke, Philadelphia; Brown L. Whatley, Jacksonville, Fla.; Aubrey M. Costa, Dallas; Milton T. MacDonald, Wilmington; R. O. Deming, Jr., Oswego, Kan.; Aksel Nielsen, Denver; John C. Thompson, Newark; Guy T. O. Hollyday, Baltimore; Byron V. Kanaley, Chicago; H. G. Woodruff, Detroit; Frederick P. Champ, Logan, Utah; Dean R. Hill, Buffalo; Byron T. Shutz, Kansas City, Mo.; A. D. Fraser, Cleveland; L. A. McLean, Louisville; Owen M. Murray, Dallas; E. E. Murrey, Nashville; Hiram S. Cody, Winston-Salem, N. C.

Regional Vice Presidents: Region 1, Peter V. Cloke, New York; Region 2, Frank J. Bell, Washington, D. C.; Region 3, John A. Gilliland, Jacksonville, Fla.; Region 4, Arthur F. Basset, Detroit; Region 5, Frank P. Flynn, Jr., Lafayette, Ind.; Region 6, R. G. Holladay, Memphis; Region 7, Frank R. Shugrue, Lincoln, Neb.; Region 8, W. C. Rainford, Granite City, Ill.; Region 9, Homer C. Bastian, Wichita; Region 10, T. A. Robinson, Jr., Houston, Tex.; Region 11, Clarence A. Hardesty, Seattle, Wash.; Region 12, R. C. Larson, Beverly Hills, Calif.

Members of the Board of Governors for Term Ending 1958: Norman H. Nelson, St. Paul; C. A. Legendre, New Orleans; E. H. Grootemaat, Milwaukee; George H. Dovenmuehle, Chicago; C. Douglas Wilson, Greenville, S. C.; P. S. Bower, Winnipeg; H. Duff Vilm, Indianapolis.

Members of the Board of Governors Term Ending 1959: Thomas E. Lovejoy, Jr., New York; Jay F. Zook, Cleveland; William A. Marcus, San Francisco; H. Bruce Thompson, Upper Darby, Pa.; Kenneth J. Morford, Seattle; Oliver M. Walker, Washington, D. C.; Robert M. Morgan, Boston.

Members of the Board of Governors Term Ending 1960: Ehney A. Camp, Jr., Birmingham; Nathan T. Bascom, Worcester; A. H. Cadwallader, Jr., San Antonio; Lon Worth Crow, Jr., Miami; Donald E. Nettleton, New Haven, Conn.; F. M. Petree, Oklahoma City; Carlton S. Stallard, Elizabeth, N. J.

Members of the Board of Governors Term Ending 1961: Carey Winston, Washington, D. C.; Vern R. Steffensen, Salt Lake City; E. R. Haley, Des Moines; J. W. Jones, Dallas; Howard E. Green, Chicago; Edward F. Lambrecht, Detroit; Robert Tharpe, Atlanta.

Associate Governors at Large: Region 1, Harry Held, New York; Region 2, Martin R. West, Jr., Washington, D. C.; Region 3, Eugene Knight, Tampa; Region 4, Stanley M. Earp, Detroit; Region 5, W. W. Wheaton, Columbus, O.; Region 6, Robert W. Warren, Jackson, Miss.; Region 7, Robert L. Beal, Des Moines; Region 8, Dale M. Thompson, Kansas City, Mo.; Region 9, B. B. Bass, Oklahoma City; Region 10, Alvin E. Soniat, Fort Worth; Region 11, Albert L. Buchner, Portland, Ore.; Region 12, Ewart H. Goodwin, San Diego.



In 1854, pioneer California settler Maria Rita Valdez sold her Rancho Rodeo de las Aguas for \$1300. The down payment was \$500 cash. And so the two men who bought the ranch—Benjamin D. Wilson and Henry Hancock—became the sole owners of what is now Beverly Hills!

Whatever it cost,

CALIFORNIA LAND IS PRECIOUS...BE SURE IT'S SAFE, TOO!



An investment in California property grows in value every year. This investment deserves the best possible protection.

We have helped make California land safe since 1893. Throughout these 64 years of conservative management, our current assets have accumulated to more than \$50,000,000.

Here at Title Insurance, title service is fast, low-cost and dependable. Our Home Office has America's largest staff of title specialists, plus the only complete land records of Los Angeles County . . . in 14 other California counties we have title plants and experienced title men.

Here at Title Insurance is the best safeguard for buyers and lenders.

*America's Largest
Title Company*



*Southern California's Oldest
Trust Company*

Title Insurance and Trust Company

433 South Spring Street, Los Angeles 54

California offices of Title Insurance and Trust Company in Bakersfield, Fresno, Independence, Los Angeles, Santa Ana, Santa Barbara, San Luis Obispo, Ventura, Visalia. Associated Company office in San Diego (Union Title Insurance and Trust Co.). Subsidiary company offices in El Centro and San Bernardino (Pioneer Title Insurance and Trust Company); in Oakland and Hayward (Alameda County-East Bay Title Insurance Company); in Riverside (Riverside Title Company); in the State of Nevada (Pioneer Title Insurance and Trust Company); in Portland, Oregon (*Title and Trust Company); in Seattle (*Washington Title Insurance Company). *List of counties available on request.



Take advantage of this
REINSURANCE SERVICE

**... on property
anywhere in the
United States**

A Reinsurance Service whereby Chicago Title and Trust Company assumes the excess of the risk of the local title company—on property located anywhere in the United States. You, the lender, know that your title insurance policy is backed up by our financial strength.

Through our Referral Service, we also assist mortgage lenders in selecting the best qualified local title company—wherever the property may be located.

... AND IN ILLINOIS
Chicago Title Insurance Policies

Issued locally in 78 cities—right where the property is located. Should anyone question the title as insured, Chicago Title and Trust Company takes over the defense, assumes the litigation cost, promptly settles any loss.

**MORE THAN A CENTURY OF EXPERIENCE . . .
MORE THAN TWICE THE FINANCIAL STRENGTH**
of any title company safeguarding Illinois real estate



Chicago Title and Trust Company

111 West Washington Street • Chicago 2

**THIS
SEAL**



**MEANS
PROTECTION**

Licensed to do business in the following states:

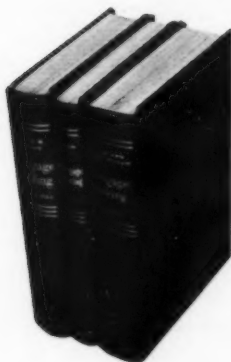
Arkansas • Florida • Georgia • Indiana • Kansas •
Louisiana • Mississippi • Missouri • Nebraska
Oklahoma • Illinois (certain counties) • Alabama

TITLE INSURANCE CORPORATION
of St. Louis, McCune Gill, President

810 Chestnut MAin 1-0813
10 South Central PArkview 7-8131

NOW COMPLETE

a practical
3-volume guide
to profitable
operations
in today's
mortgage market



... to help you
reduce risks,
systematize
operations, and
build business

SEE THE LIBRARY

10 DAYS' FREE

MAIL THE COUPON

EASY TERMS

With the authoritative guidance this Library offers, you can be confident that your mortgage lending decisions are wise—and you will make them faster and easier because the Library provides the correct answers to the many questions on financing real estate. It details completely the most effective practices in the field of mortgage lending, embracing mortgage operations throughout the country today, rural or urban, large property loans or small. All phases of lending operations up to closing the loan and administering the mortgage loan portfolio are covered in clear, practical terms. Included, too, is the most complete, step-by-step analysis of mortgage servicing available, spotlighting efficient methods that make loan servicing yield the greatest profit.

The New MORTGAGE BANKING LIBRARY

3 volumes, 1034 pages, 107 illustrations, \$19.25

SPONSORED by the Mortgage Bankers Association of America, edited and written by top men in the field, the books in this Library tell you *precisely* how to deal with mortgage lending problems that arise in each phase of building activity. Contributions are credited to many recognized leaders in the field — men like Dr. Marcus Nadler, an authority on interest rates; Dr. William G. Murray, dean of farm appraisers; Willis R. Bryant, Vice President,

American Trust Company, San Francisco; and many other experts who have dealt for many years with the particular phases of the industry about which they write. You can put this Library to the test of actual use in your office and judge for yourself the valuable assistance it can offer. Under the convenient terms available—\$4.25 in 10 days and \$5.00 a month—you can use the Library while you pay for it with no extra charge for installment purchases.

MORTGAGE LENDING

States the basic fundamentals of mortgage lending plus the complete information you need regarding procedure.

MORTGAGE BANKING

A most comprehensive analysis of all phases of the mortgage banking business, from appraising a large apartment to enlarging your lending operations.

MORTGAGE SERVICING

For any question—from the smallest to the largest—a reliable guide to all that is best, most efficient, and proven in mortgage servicing.

Scores of profit-building pointers like these:

- effective, accurate market forecasting systems that will work in your business regardless of size
- best methods for handling construction loans, forms used, payout methods, and inspection procedures
- handling of receipts and issuing tax certifications
- steps to promote speed and efficiency in receiving payments
- balancing of escrow accounts
- classification and handling of delinquent accounts and collection of late charges
- loan-application procedures
- inspection and appraisal of collateral
- methods and techniques used in developing new business
- 11 basic requirements for maintaining VA guaranty
- mortgages eligible for FHA insurance
- and much more

McGraw-Hill Book Co. Dept MRB-10
327 West 41st St., New York 36, N. Y.

Send me the Mortgage Banking Library for 10 days' examination.

In 10 days I will (check one) ☐ send the full purchase price of \$19.25; or ☐ \$4.25 in 10 days, and \$5.00 a month for 3 months. Otherwise, I will return books postpaid.

Name

Address

City Zone State

Position Company

For price and terms outside U.S., write McGraw-Hill International, New York City MRB-10

A LESSON WE HAVEN'T LEARNED: HOW TO ACHIEVE ECONOMIC STABILITY

Triumphs in science, invention, medicine and most other fields mark our progress through the Twentieth Century but in two vital areas of life there has been no progress—our search for enduring peace and our inability to achieve a measure of economic stability which will cut down the booms—as well as the recessions. Today we are faced with another crisis: how we are going to beat inflation; and the kind of inflation we have been suffering, in Mr. Bell's view, "is less of a menace to us than would be another depression—or the loss to Soviet Russia of our military superiority." The "tight money" policy has, in his opinion, been singularly unsuccessful in the areas of wages and prices, a fact which indicates that a reappraisal of our economic policies is in order.

THIS century has brought astonishing progress in material things. We have seen triumphs of transportation, communication, sanitation, the flowering of every branch of science and invention, the release of energy culminating in the fateful splitting of the atom, and now, the launching by the U.S.S.R. of the first man-made satellite.

Yet in two crucial areas of life, we have been repeatedly defeated—the search for enduring peace and the struggle for economic stability.

These problems of war and stability are intertwined. Certainly the Great Depression grew out of our failure to deal with the economic consequences of the first World War and the author of World War II, Adolf Hitler, emerged like a slimy salamander from the ashes of the Great Depression.

With respect to the threat of war, there is maddeningly little that you and I can directly do about it. This matter is, indeed, so desperate we are constrained to leave it to Almighty God—and John Foster Dulles.

In the matter of economic stability, I hold the opinion—perhaps it is an illusion but I nourish it—that we can do something. In this matter I am convinced that all of us, especially all of us in banking, can have a decisive influence on the outcome. We can have an effect not only by how we behave as individuals and businessmen, but especially by our influence on public opinion and public policy.

Everyone is in favor of stability, but men differ greatly on how to achieve it. This is partly because we differ in our ideas of what stability is. A Wall Street banker's idea of sta-

bility may be very different from that of a Detroit auto worker or an Iowa farmer. Indeed, one man's stability can be another man's chaos.

This is best seen by a backward glance at the changing concepts of stability over the past 30 or so years.

Following World War I the dominant idea of stability was exchange stability—the maintenance of the currency at a fixed price in gold. The whole matter then was considered the exclusive concern of international bankers and statesmen.

The gold-standard idea of exchange stability was not at all inconsistent with marked instability of employment and prices. Indeed, the rise and fall of wages and prices within a country was the accepted means of adjusting the international balance of

By ELLIOTT V. BELL

Editor and Publisher, Business Week



payments and thus maintaining external stability of exchange.

In the years between 1925 and 1933 the gold standard became anathema to millions as nation after nation fought a losing struggle to maintain external stability of the currency at the price of growing internal deflation of prices, wages, profits and opportunity. As the depression deepened, people ceased to care about foreign exchange stability but they were mightily interested in more jobs, better pay and—in the farm belt at least—a recovery of prices from the disastrous level of 20 cent corn and 3 cent hogs.

So during the '30's there emerged a new concept of the goal of stability—altogether different from the pre-depression concept. This new idea was popularly called full employment.

Specifically, it called for disregarding external matters and concentrating on policies calculated to promote and maintain a constant flow of job opportunities at home. So powerful and universal was this concept that when the United Nations was formed in 1945 full employment was written into its charter as a goal to which all free nations were pledged. Paralleling the full employment concept—and preceding it in political acceptance—was the idea of farm price parity—something which I need hardly define.

Implicit in both these concepts was the belief that rising prices and rising wages are good things, productive of good business and improved living standards. Having endured a decade of mass unemployment and agricultural depression, public opinion and public policy became strongly oriented to the idea of a constant battle against deflation.

The opinion gained ground that our mass-production economy had a built-in deflationary bias and that national policy ought to try to offset this bias by incorporating into the system built-in inflationary factors. This was done by the Social Security program, the farm programs and finally the Employment Act of 1946 which declared it to be the national policy "to promote maximum employment, production, and purchasing power." Leaders of both political parties pledged themselves to a philosophy of expansion.

Recently there has been evident a marked shift away from these ideas.



thanks to the banks

THERE are nearly 30,000,000 owner-occupied dwellings in the United States. Fifty-one per cent of these homes are mortgaged. Here is a striking example of progress and prosperity in the true American way, made possible largely by our lending institutions which have financed these home investments.

In our specialized field, we, too, have been privileged to contribute to this expansion in home ownership. For three-quarters of a century, in the communities we serve, TG&T has protected the investment of both property owners and mortgagees with sound title insurance.

TITLE GUARANTEE **and Trust Company**

HEAD OFFICE: 176 BROADWAY,
N. Y. 38 • WOrth 4-1000

*Title Insurance In New York, New Jersey,
Connecticut, Massachusetts, Maine, Vermont, Georgia*

The era of mass unemployment lies 17 years behind us—a generation has grown up that never knew the icy terrors of the Great Depression.

So the new concept of stability that has emerged is *price stability*. More specifically, it is the idea that the most important goal of public economic policy is to keep prices from rising.

So vehement has this concern with rising prices become that many people have lately been saying we should not hesitate to bring on unemployment and recession, if necessary, to halt inflation. The Employment Act, with its goal of "maximum employment" is under fire. The opinion is widely held that to stop inflation the Federal Reserve, with the tacit approval of the government, should be prepared to bring on unemployment and declining business—in short, it is argued, price stability is more important than employment stability. This kind of talk alarms me.

Everyone is against inflation but to invite unemployment and recession deliberately in order to combat the moderate inflation we are now endur-

ing would be playing with fire. It is like arguing we should burn down our house to kill a rat. In the dangerous world we inhabit, engaged as we are in dubious battle with a deadly foe, to court economic recession seems to me sheer madness.

Let me be quite plain. I am not in favor of inflation any more than I am in favor of the man-eating shark. But

I do not propose to get hysterical about it. Let's take a quick, hard look at this price problem.

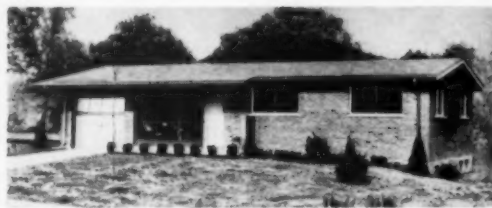
Since 1939 the index of consumer prices has more than doubled; the purchasing power of the dollar has been cut in half. This is a startling fact, but a statistic of this sort, standing alone, can give a distorted impression. Remember, 1939 was still a

"The time has now come, I believe, when this long debate (on inflation) should be ended. Faced with the evidence that Soviet Russia has almost certainly forged ahead of us in the development of the intercontinental ballistic missile, we are compelled to make an agonizing reappraisal of our whole defense program. I question whether political or public pressure will continue to permit national defense to be subordinated to anti-inflation policies. We shall have to spend more, not less, money on defense and on foreign aid. If this aggravates the problem of inflation, we shall have to devise better means of dealing with that problem, however little we may like it . . . These would be, it seems to me, a small price to pay to escape the danger that Khrushchev some day—as he so clearly intends—could dictate to us the terms on which we would be permitted to co-exist."

the Hathaway Home . . . YOUR SOUNDEST INVESTMENT IN MID-AMERICA



A SECTION OF
HATHAWAY HILLS
SUBDIVISION



Ask any St. Louisan. You'll find the Hathaway Home best known for quality and acceptance through the years. Approximately 2,625 happy families live in Hathaway Homes in Hathaway Hills and Hathaway Meadows. Now developing mid-America's largest and finest subdivision, Hathaway Manor. Three bedroom, bath and one-half, brick-constructed homes . . . two models approximately 1000 square feet each.

Approved FHA mortgagee seeks additional outlets for FHA and conventional loans. A solid mortgage investment for you. For complete information write our Mortgage Financial Director, Mr. Chester O. Disse.

Vorhof-Duenke
INVESTMENT COMPANY

7567 ST. CHARLES ROAD • ST LOUIS 14, MISSOURI

depression year with nearly 10-million unemployed and prices little above their 1933 pit. Hogs in 1939 sold less than 5 cents a pound; corn at 40 cents a bushel. Who wants to go back to 1939?

Since then, we have been through a great World War. Now war itself is an inflationary process. We increased our national debt six times over; we trebled our money supply; we shot away an enormous amount of tangible wealth and we devoted our productive facilities to military hardware, creating huge shortages of consumer goods.

A major rise in prices resulting from the war was inescapable. This is just history repeating. In the Civil War prices doubled. In World War I they more than doubled—up to 128 per cent from 1914 to 1920. Then what happened? After the Civil War prices went into a long decline that carried them, by the end of the century, all the way back to prewar levels. After 1920, prices fell abruptly one-third; then melted away in the Great Depression until they, too, were back to prewar figures.

In these backward glances, I have been citing the wholesale price index of all commodities. The consumer price index, commonly called the "cost of living" index is not suitable for long-range comparisons because of the great change in living standards.

So the price rise in these past 18 years—double in the case of consumer prices and a little more than double in the case of wholesale prices—is right in line with past experience. What is new—unprecedented—is that more than 10 years after demobilization, we have not yet had a really serious postwar decline in prices. Instead, prices have continued to rise. More disconcerting still, the recent advances follow a period of stability that had raised high hopes that the World War II inflation was over.

For a little over two years—from January 1954 to March 1956 the consumer price index held steady. It even showed a small decline. Then began a rise that has continued for 19 months and amounted to $5\frac{1}{2}$ per cent.

It is this $5\frac{1}{2}$ per cent rise in the past two years, much more than the larger rise that preceded it, that has caused all the outcry and provoked

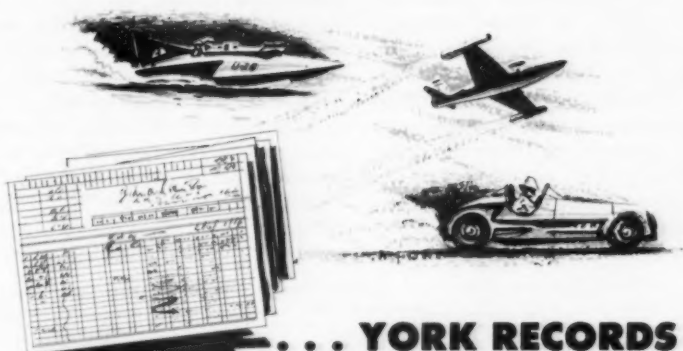
some of our leading financial statesmen to utter the call for unemployment and recession.

Led by our own Federal Reserve System, central bankers and fiscal authorities here and abroad have relied primarily upon quantitative credit control to deal with the recent price rise. That is to say, they have sought by open market operations and advances in the discount rate to limit the ability of the commercial banks to make loans and thus to prevent

the bank deposit money supply of the country from expanding at a normal rate.

These measures have been pushed to considerable lengths. Here the bank rate has been raised seven times in succession and interest rates on government securities and other obligations have been advanced to levels not seen since the banking panic of 1933. In Britain the Bank of England rate has gone to 7 per cent. There has been no lack either of courage or

speaking of SPEED



... YORK RECORDS win days and dollars!

In this age of high speed, *York Records* are gaining ever wider acceptance for their time and money saving advantages. The *York Record* has grown from an auxiliary record to a basic record. Where the breakdown of every monthly payment used to be copied many times each month, today, with *York Records*, this breakdown is *never* copied unless payments are late or in advance. With *York Records* you have a reliable, preposted and balanced ledger. Just stamp in the date and it's *up to the minute*.

Also inquire about *York Loan Amortization Schedules* for use by borrowers and investors. Mail the coupon for full details NOW!



YORK TABULATING SERVICE INCORPORATED

"Publishers of Preposted Mortgage Records since 1917"

225 East Clarke Avenue

York, Penna.

Please send me the booklets I have checked.

- ☐ FREE—The Story of York Records and Schedules
- ☐ FREE—A Resume of Single Debit, Single Credit Systems
- ☐ Price \$1.00 Postpaid: Single Debit Mortgage Accounting Procedures
- ☐ Price \$1.00 Postpaid: Single Credit Mortgage Accounting Procedures

NAME AND TITLE _____

COMPANY _____

STREET _____

CITY _____ ZONE _____ STATE _____

determination on the part of the monetary authorities to deal with the situation with the utmost stringency.

Unfortunately, these measures, severe as they are, have been singularly unsuccessful. Tight money has not, as yet, stopped either prices or wages from rising, although it may be having other effects.

General monetary controls may be slowing down our economy and producing excess capacity but they have not yet arrested the upward creep of prices. The disappointing results of a purely quantitative monetary approach to inflation have surprised even those who all along feared that approach was too simple.

A year ago, in speaking before the ABA in Los Angeles, I ventured the opinion that tight money alone would not halt wage and price advances unless carried to the extreme of bringing on unemployment and recession. Now, as we have seen, the more extreme proponents of tight money have, in effect, come to the same view; but they go further and say: "By all means, let us have some unemployment and recession." It seems to me, before we accept these counsels of

despair, we might at least try other, more moderate measures.

I suggested a year ago the need to employ fiscal as well as monetary measures in trying to stabilize the economy and urged the use also of certain qualitative credit controls, such as the restoration of Regulation W to deal with installment credit.

Above all, I argued that the tremendous task—never before successfully carried out—of maintaining a stable and prosperous economy ought not, in simple fairness, to be dumped upon the Federal Reserve System alone. There was urgent need, I thought, for a central body to formulate and coordinate stabilization policies. It seemed to me such a body should be under the President's leadership and include the head of the Federal Reserve System, the Secretary of the Treasury, the Chairman of the Council of Economic Advisers, and such others as might be appropriate.

It is a matter of much encouragement that such a central group has now been set up. It is being called an anti-inflation committee but I have no doubt, if occasion arises, it will be prepared to consult and cooperate on

problems of deflation too.

The essential point is that this new body will bring together for the first time on a regular basis the top officials responsible for economic policies and that the President will be meeting with the group.

Coming events, I am certain, will prove the need for such a body and will shape its functions and influence in measures far beyond the prim limits of the original announcement.

There is coming, I suspect, a critical time. Two important developments are forcing us toward a re-examination of our recent economic policies. These developments are: The slowdown in business and the new threat that Russia is outstripping us in the arms race.

Consider first the business picture. We have been experiencing an old-fashioned American investment boom, stimulated by continued heavy defense spending and aggravated by a relative shortage of labor due to the reduced birth rate of the depression years.

Now this investment boom is slackening. The government is making desperate efforts to reduce defense



A corner of the main office of Advance Mortgage Corporation, located on the top two floors of the Washington Boulevard Building, Detroit.

Advance Mortgage Corporation

Serving 5 Metropolitan Areas of the Middle West

With well-equipped and well-staffed offices in five important cities, located in four contiguous states of the Midwest, Advance Mortgage Corporation is strategically situated in the heart of industrial America. Advance Mortgage is prepared to serve those investors who may desire either new or additional representation in any of the areas listed below.

105 West Adams St.
CHICAGO 3, ILLINOIS
ANdover 3-6830

1449 Third National Bldg.
DAYTON 2, OHIO
BAldwin 2-1131

MAIN OFFICE
234 State Street
DETROIT 26, MICHIGAN
WOOdward 5-6770

Bruder Bldg.,
135 W. Wells St.
MILWAUKEE 3, WISC.
BROADway 4-8208

827 McKay Tower
GRAND RAPIDS 2, MICH.
GLendale 9-4435

expenditures. Manpower cutbacks in defense—both military and civilian—are taking some of the pressure out of a very tight labor market. Economic difficulties abroad are bringing a reduced demand for U. S. exports.

Meanwhile, over-all industrial output has been leveling off for ten months. Capacity, however, continues to grow. As a result, manufacturing industries as a whole are now operating at about 80 per cent of capacity contrasted with a preferred operating rate of about 90 per cent.

Retail trade is good, but apart from a pure woman's love, there is scarcely anything you can't buy at a discount today. All this does not smell very inflationary. The recent behavior of the stock market suggests that deflation rather than inflation is the disturbing scent coming downwind.

For some months now, business sentiment, as I encounter it, has been getting increasingly cautious. Most business economists, although by no means all, have been agreed that 1958 will be a year of readjustment—how great a readjustment is still guesswork.

If this is so I do not think this is a very good time to start talking about the romance of unemployment and depression.

If by some sad mischance the business and financial leaders of this coun-

try get tarred with the label of being in favor of, or even tolerant of, unemployment and recession as a cure for rising wages and farm prices, you can, in my judgment, get ready for something even rougher than the New Deal.

Nor do I think it would be very wise, as a few influential people have suggested, to alter the present broad goals of the Employment Act and make currency stability the first objective of national policy. If this is to be done, we had better have a full-scale national debate beforehand—not a full-scale national recrimination afterward.

We must not fall into the trap of thinking that stabilizing the consumer price index is the same thing as stabilizing the economy. Our goal is not a static economy but a progressive one. As in the case of a bicyclist, it is easier for the country to maintain its equilibrium when it is moving forward.

We have been having in this country a sharp debate upon this question of stability. Some have felt that inflation was the nation's number one peril and that it must be fiercely resisted at

all costs. At the same time, the most extreme of these people have opposed any suggestion that our anti-inflation efforts be effectively coordinated and have generally insisted that they be limited simply to tightening interest rates.

Another group, chiefly consisting of the Administration in Congress, has been eloquent in pointing out the weaknesses of a tight-money policy but not very bold in proposing alternative means of dealing with inflation.

Now again let me emphasize that I am altogether against inflation—I am even in favor of not just talking about it, but doing something effective about it. At the same time, I maintain that the kind of inflation we have been suffering is less of a menace to us than would be another depression—or the loss to Soviet Russia of our military superiority.

The time has now come, I believe, when this long debate should be ended.

Faced with the evidence that Soviet Russia has almost certainly forged ahead of us in the development of the intercontinental ballistic missile, we are compelled to make an agonizing

*We maintain
an active market in*

Federal National Mortgage Association

Common Stock

*Inquiries invited for the purchase
or sale in large or small amounts*

CUTTER, BENNETT & CO.

State & Municipal Bonds

30 Broad Street New York 4, N. Y.

Telephone WHitehall 4-6420
AT & T NY 1-4382



FIRST IN DETROIT AND MICHIGAN

TITLE INSURANCE

TITLE INSURANCE on both Owner's and Mortgagee's Policies anywhere in Michigan. Prompt and dependable service from Michigan's Oldest Title Insurance Company.

ABSTRACTS and TAX reports on real property in metropolitan Detroit. We act as ESCROW Agents in all matters involving real estate transactions.

ABSTRACT & TITLE GUARANTY CO.
735 GRISWOLD • DETROIT 26, MICHIGAN

reappraisal of our whole defense program. I question whether political or public pressure will continue to permit national defense to be subordinated to anti-inflation policies.

We shall have to spend more, not less, money on defense and on foreign aid. If this aggravates the problem of inflation, we shall have to devise better means of dealing with that problem, however little we may like it.

So the problem of stability today cannot be solved by resigning ourselves to alternate cycles of boom and recession. We must do better than that, even if it may mean imposing upon ourselves restraints we do not relish and disciplines we would prefer to escape. I am not talking about price ceilings and wage ceilings or the cumbersome type of control we had during the war. I simply mean more effective and better-coordinated use of both fiscal and monetary measures, including at least stand-by authority to use some direct credit controls. These would be, it seems to me, a small price to pay to escape the danger that Khrushchev some day—as he so clearly intends—could dictate to us the terms on which we would be permitted to co-exist.

In the bitter years since World War I we learned some painful lessons. We learned that the primary goal of economic policy in a great nation must be to promote growth in all dimensions—to produce more, invest

more, provide more jobs and better jobs, to be strong.

Lately we have come perilously close to forgetting those lessons. The policy that brings stability and strength to our harried generation cannot be one that regards recession and unemployment as "healthy corrections" instead of dangerous failures. It must be a policy that recognizes and makes the most of the enormous capacity for growth that this country has exhibited. Given that sort of economic policy, we can hope to achieve the only kind of stability that is worth having—the kind in which, year after

year, tomorrow is better than today.

Mr. Bell addressed the Iowa Bankers Association.

>> PRESSING PROBLEM: Despite prospects for the biggest school construction year since the war, only a 4,000 dent in the nation's cumulated shortage of 159,000 classrooms can be expected next year, Architectural Forum says. Of the 69,000 classrooms scheduled to be built in 1957-58, 45,000 alone will be required to meet this year's enrollment increases, while 20,000 more will replace schoolrooms now either obsolete or destroyed by fire.

IN ARIZONA

When you buy or sell mortgages,
make sure the title is insured by
Arizona Title.

58 Years of Dependable Service

Arizona Title Guarantee & Trust Company

Home Office: Phoenix, Arizona

"LAND TITLE"
SERVICE
COVERS
OHIO

55 Years Experience in Ohio Titles

LAND TITLE
GUARANTEE and TRUST CO.



1275 ONTARIO STREET

CLEVELAND 13, OHIO

CHERRY 1-3720

ALLIANCE • CHARDON • CINCINNATI • COLUMBUS • DAYTON • ELYRIA • JEFFERSON • MEDINA • PAINESVILLE • RAVENNA • YOUNGSTOWN

No Let-up in Increased Federal Spending; Civilian Programs Account for Most of It

In the face of mounting public concern over the high cost of Government in the United States and increasing pressures for economy, the total of Government expenditures—Federal, State and local combined—has gone into new high ground over the past year, breaking through a level that had held for more than a decade in war and peace.

This time, in contrast with the past, the main upward push has been coming from *civilian* programs rather than from the military and defense spending areas.

Figures compiled by the U. S. Bureau of the Budget on a calendar year basis show that Federal, State and local expenditures combined added up to \$105.2 billion for 1956. This total was \$5.2 billion higher than the year before, and the gain was almost equally divided between Federal and combined State and local outlays. It was \$2.1 billion above the previous peak for overall Government spending of \$103.1 billion, originally established in 1944 during World War II and duplicated in 1953 as the result of the Korean War.

Nor is there any indication, despite the budget-cutting in the last session of Congress and increasing attention being paid to steadily-rising State and local outlays, that effective controls of governmental budgetary and spending processes have been attained. In fact, all signs are that a new peak for overall government spending is being chalked up this year, even without the pressures to reverse the retrenchment

trend in defense spending because of Russian achievements in the missiles field.

Inflation, of course, has been playing a decisive role in the rising cost of all Government in recent years. Higher prices and costs affect government budgets just as they do those of business or of the average individual and family. At the same time, it is now widely recognized that the magnitudes attained by overall government spending and the size of its take out of the economy, amounting to over a quarter of the entire gross national product in recent years, have contributed heavily to the persistence

and growth of inflationary forces and to the climb in prices.

Thus the recent trend of events and the new inflationary push in the economy have thrust the problem of government spending to the fore in its relation to the efforts to halt the erosion in the dollar's buying power and to provide the overburdened taxpayer with the possibility of some relief.

The Bureau of the Budget figures clearly show that prior to 1956 peak levels of government spending were byproducts of war. In 1944, for example, military expenditures made up 86 per cent of all spending by Federal, State and local Governments combined. The Korean War was of a different magnitude than World War II, but even so national security out-

ATTENTION: MORTGAGE ORIGINATORS

Our business is selling FHA and VA Mortgages to the secondary market. If you seek Takeout Commitments, Building Loan Funds, or Warehousing, we urge you to consult us.

EDWIN F. ARMSTRONG & COMPANY

51 EAST 42ND STREET NEW YORK 17, N. Y.
MURRAY HILL 2-1176

FIRE & ALLIED LINES
HOMEOWNERS POLICIES
COMPREHENSIVE DWELLING
POLICIES

RAYMOND HOLLAND
President
THOMAS B. LAYTON
Executive Vice-President



A Company strong enough and
with the long experience necessary to be
"A MORTGAGE MAN'S COMPANY"

RATED A+: (EXCELLENT)
BY ALFRED M. BEST COMPANY
CAPITAL & SURPLUS
OVER \$1,000,000.

Home Office:
THIRTEENTH FLOOR
HOUSTON CLUB BUILDING
HOUSTON 1, TEXAS

lays represented 50 per cent of aggregate Government spending in 1953.

In the last few years, however, the big expansionary influence on government spending has been coming from a variety of Federal, State and local programs outside the national security sector. As a result, these civilian programs taken together topped the \$60 billion expenditure mark for the first time in 1956 and made up 60 per cent of total government spending for the year.

It is true, of course, that national security outlays still represent by far the biggest single item in the cost of Government in the United States. With the world as it is, this is inevitable. However, persistent efforts to achieve more efficiency in defense spending have kept the total of these outlays under the \$42 billion annual level in the 1955-56 period. This figure represented a drop of about \$10 billion from the \$51.5 billion total in 1953, the high for national security expenditures since World War II.

But while control was being exercised over the cost of national security, civilian programs, Federal as well as State and local, were mushrooming. Reflecting this trend, expenditures on all civilian programs went up \$12 billions between 1953 and 1956, from \$51.6 billions to \$63.6 billions. This increase completely offset the cut in military spending in the period and added \$2 billion to the total cost of Government besides.

Here are some examples of how the expenditures of these civilian programs have grown between 1953 and 1956. State and local educational outlays, much of them for new school construction, increased nearly \$4 billion in the period, and highway expenditures by almost \$2 billion. Outlays for health and hospitals went up almost \$500 million. On the Federal front, the cost of agricultural programs rose \$2 billion between 1953 and 1956, veterans' benefits close to \$500 millions, and grants-in-aid to State and local governments by \$400 million. And because of the rise in interest rates resulting from excessive credit demands in an inflationary economy, interest on the public debt has also gone up substantially.

>>DODGE VIEW OF 1958: Gains in construction contracts for housing and for government-owned facilities will more than offset prospective declines in contracts for industrial and commercial building in 1958, according to F. W. Dodge.

In its annual outlook for the construction industry, Dodge estimates that construction contracts in 1958 will total \$33,830,000,000, a gain of 5 per cent over the expected 1957 level. However, a portion of next year's anticipated increase in dollar volume will be accounted for by higher construction costs rather than additional physical volume.

Contracts for non-residential buildings in 1958 are estimated at \$11,570,000,000, only slightly above the 1957 level. Physical volume, however, as measured by floor area, is likely to

be down 2 per cent in 1958. The spread between the floor area estimate and the expected dollar volume is based on increased costs.

Residential building contracts next year are expected to total \$13,760,000,000, up 8 per cent from the 1957 level. The number of non-farm dwelling unit starts in 1958 is estimated at 1,075,000, a gain of 6 per cent over this year's anticipated starts.

Total floor area involved, however, is apt to increase by only 5 per cent reflecting the likelihood of a slightly smaller average dwelling unit next year. This is expected to result from continued increases in the number of apartment units and gains in the number of houses financed with FHA-insured mortgages which are customarily smaller than conventionally financed homes.

FLEXIBLE INTEREST RATES CAN BEST BE SECURED ON CONVENTIONAL MORTGAGE LOANS

Thirty-five years experience representing institutional investors in CONVENTIONAL mortgage loan investments qualifies us to produce and service such investments to the satisfaction of any investor.

The rapid growth of our Dallas lending area enables us to offer our experience and services to an additional investor in residential and commercial CONVENTIONAL loans.

**W. A. McKINLEY COMPANY
and
McKINLEY MORTGAGE CORPORATION
505 N. Ervay St., Dallas 1, Texas**

ATTENTION:



**INSTITUTIONAL
INVESTORS**

check FIRST with:

W. Burton GUY & Co. Inc.
11 E. Chase St., Baltimore 2, Md.
MULberry 5-4084

FOR FHA AND VA MORTGAGES

Savings Still Climb —But Not Enough

The American people boosted the total of their accumulated savings in life insurance and other long-term thrift mediums to above the \$250 billion level this year.

This is a new high mark in the nation's personal thrift annals. It was accomplished by an increase of nearly \$9 billion in the first half of this year in savings accumulated behind life insurance policies, time deposits in mutual savings and commercial banks, and accounts in savings and loan associations.

The increase for the period in these three thrift mediums taken together was the largest in years, and more than offset an aggregate decline of close to \$1½ billion in two other classifications of long-term savings of individuals—U.S. Savings Bonds and Postal Savings. As a result, the net increase in accumulated long-term personal savings came to \$7½ billion between January and June, lifting the total at mid-year to a new high of more than \$253 billion. This figure is the equivalent of over \$5,000 for every American household.

The trend of the people's savings has become of more than ordinary economic importance in view of the inflationary situation and the big rise in the demand for credit and investment funds to meet the capital demands of an expanding economy. However, though the accumulated totals have grown steadily, new savings have grown steadily, new savings have fallen short of the expanded investment demands on the capital market, bringing intensified efforts to encourage the people to save more.

A breakdown of the savings data shows some significant shifts. Individual holdings of U.S. Savings Bonds declined by an estimated \$1.2 billion in the first six months, the biggest net decline since these bonds came into being. This reduced the total owned by individuals to under \$49 billion at the end of June, the lowest redemption value since the late Forties. Postal Savings also continued to decline, and came to just above \$1½ billion at mid-year, less than half their peak set a decade ago. The factor

of competitive interest rates has affected both these forms of Government-sponsored personal savings.

Time deposits in commercial banks, with a rise of more than \$3¼ billion between January and June, led the savings increase for the first time in some years, reflecting aggressive efforts by the banks to attract savings.

Right now the composition of the people's accumulated long-term sav-

Using the ratio of life insurance in force to national income, Canada ranks first among the nations of the world, with life insurance in force at the start of this year equal to 133 per cent of national income. In the United States, the ratio was 121 per cent, up from a 1955 ratio of 115 per cent.

Reflecting the increasing cost of doing business, 17.2c of every outgoing life insurance company dollar

ings consists of \$84.2 billion, or 32.8 per cent of the total in time deposits in commercial and mutual savings banks and in Postal Savings; \$80.2 billion, or 31.3 per cent, in savings accumulated behind life insurance policies; \$48.9 billion, or 19.1 per cent, in current redemption value of U.S. Savings Bonds; and \$39.9 billions, or 15.6 per cent, in savings and loan associations.

was spent last year for operating costs, compared with 16.7c the year before. Ten years ago 15.7c of every dollar went for operating services.

Total taxes paid by the life insurance companies in 1956, came to \$573,000,000. Federal income taxes were \$265,000,000 and state taxes on life insurance premiums were \$206,000,000.

SELECTIVITY WITH SECURITY

FHA and GI MORTGAGES

in all sections of the

United States carefully screened
by our experienced staff.

Maximum Service and Maximum Yield

H. J. LUDINGTON Inc.

Triangle Bldg. Rochester 4, N. Y. Phone BA. 5-3830

Protect your mortgage investments with Berks
Title Insurance policies. Berks' coverage is known
and accepted wherever mortgages are bought or sold.

Berks Title Insurance Company

READING, PENNSYLVANIA

Agencies throughout Pennsylvania...Delaware...Maryland...Virginia
...West Virginia...District of Columbia...New Jersey

BRANCH
OFFICES

Alton, O. • Albany, Ga. • Atlanta, Ga. • Augusta, Ga. • Birmingham, Ala. • Camden, N. J. • Chicago, Ill. • Cincinnati, O. • Cleveland, O. • Columbus, Ga. • Columbus, O. • Dallas, Tex. • Dayton, O.



Toms River, N. J. • Washington, D. C. • White Plains, N. Y. • Wilmington, Del. • Winston-Salem, N. C. • Winter Haven, Fla.

A Symbol to look for



This Symbol

on a financial statement designates a company with a capital structure and substantial reserves reflecting a proper relationship to policy liability.

This Symbol

on a policy means the utmost in title protection assured by a company with sound underwriting principles and simplified and realistic practices.

This Symbol

wherever it appears identifies Lawyers Title Insurance Corporation—a company known nationally for its superior service and protection and fair and equitable treatment of all policyholders. It is a reminder to millions of policyholders that—

There is no better title insurance than a policy issued by

**Lawyers Title
Insurance Corporation**

Home Office - Richmond, Virginia

TITLES INSURED THROUGHOUT 43 STATES
THE DISTRICT OF COLUMBIA, PUERTO RICO, HAWAII
AND THE PROVINCES OF ONTARIO AND QUEBEC, CANADA

NATIONAL TITLE DIVISION OFFICES:
CHICAGO, DALLAS, DETROIT AND NEW YORK

Decatur, Ga. • Detroit, Mich. • Flint, Mich. • Freehold, N. J. • Grand Rapids, Mich. • Macon, Ga. • Mansfield, O. • Marietta, Ga. • Miami, Fla.

Mount Clemens, Mich. • Newark, N. J. • New Orleans, La. • Newport News, Va. • New York, N. Y. • Norfolk, Va. • Pittsburgh, Pa. • Pontiac, Mich. • Richmond, Va. • Roanoke, Va. • Savannah, Ga.

► Demand for Money Will Go on Exceeding the Supply

That's the way it appears as 1957 ends, and for the near-term future: a demand for money in excess of the supply of savings. The persistent inflationary pressures throughout the economy will not dampen the zeal of the monetary authorities to keep a tight rein on credit expansion; and, as a result, no significant decline in interest rates seems ahead. Here Dr. O'Leary is looking at the near and long term outlook for business and the capital markets, setting forth the bullish factors in both—and the bearish as well. In his view, there are a great many more of the former than the latter.

By DR. JAMES J. O'LEARY

Director of Investment Research
Life Insurance Association of America

BUSINESS forecasting is an art—but it is not a science. This is just as true today as in the past. In the light of imperfect and often delayed information on business trends, a large element of prayerful judgment on the part of forecasters is required.

We are currently witnessing the development of a moderately bearish outlook on business by many forecasters. Among other things, this tendency toward bearishness is caused by the following:

» The indication that business expenditures for plant and equipment

are leveling out.

The latest survey by the SEC and Department of Commerce indicates that outlays for 1957 as a whole, and particularly for the second half, will be slightly lower than anticipated. They

Dr. James J. O'Leary

are now expected to amount to \$37 billion rather than the earlier figure of \$37.4 billion.

» The picture of new orders of manufacturers is cited as a sign of weakness. Deliveries by manufacturers con-

tinued through July to exceed new orders as they have in the past several months, with the result that unfilled orders at the end of July were down to \$59.4 billion compared with \$64.2 billion in December of 1956.

» The belief that lack of demand for housing, rather than unavailability of mortgage funds, explains the failure of residential construction activity to rebound this year. This breeds a belief that a fresh rise in residential construction cannot be relied on if needed to offset a decline in business plant and equipment expenditures.

» The expectation that Federal spending will be reduced, or the belief that a new impetus to the economy through Federal spending cannot be expected.

» The difficulty experienced by the automobile industry in disposing of 6 million cars this year.

» Recent behavior of the stock market. The softness in stock prices since early Summer is interpreted as a possible harbinger of a softening in general business.

» The belief that a lack of readily available capital funds and rising interest rates will inevitably lead to a general business downturn.

These are some of the more important reasons for the bearishness about business which has been developing. This bearishness is not new. A sizable segment of the business forecasting profession seems to be chronically pessimistic. This is undoubtedly bred of the conviction and the fact that the boom cannot last forever. The bears are going to be right one of these days, but do we have any assurance that they will be any more correct at this time than they were early this year, or early last year? Our economy seems to have developed an amazing resiliency to go through rolling adjustments but to continue at a high average level.

Certainly, there is still plenty of room for optimism about the business outlook. Indeed, there is still plenty of reason for concern about continuing inflationary pressures.

» Personal income is high and rising. This Summer personal disposable income after taxes reached an all-time peak of \$300 billion. Per capita disposable income is at an all-time high and is rising.

» Total personal consumption expenditures are high and rising, and amounted to nearly \$280 billion in the June quarter. One of the more en-

couraging developments is the steady increase in retail sales which has been underway since April. During that time the annual rate of retail sales has risen by over \$7 billion.

» Corporate profits in the first quarter of this year dropped below the level of the fourth quarter of 1956, but remained above the first quarter of 1956. Up-to-date figures on corporate profits are slow in becoming available, but the consensus is that corporate profits remain healthy despite the "profit squeeze" we often hear about.

» Despite the leveling out in business plant and equipment expenditures, they are still expected to reach a new record of \$37 billion this year as compared with 1956 outlays of \$35 billion.

» The economy is operating with a bare minimum of labor unemployment. Unemployment is showing no trend, but has been fluctuating around 4 per cent of the civilian labor force, a rate probably representing little more than "frictional" unemployment.

» There has been no appreciable change in the average weekly hours worked in manufacturing industries. A decrease in this average would indicate a softening in business.

» The Federal Reserve Board index of industrial production has remained stable at 144 in June, July, and August, close to the peak of 147 last December.

» Private nonfarm housing starts have been on the uptrend in recent months and in August were at a one million annual rate. The FHA received applications for mortgage insurance on nearly 22,300 proposed new homes in August—21 per cent above the level of July and the highest since the Spring of 1956.

» The index of consumers' prices continues to rise indicating the pressures of consumer demands. The rise has been from 118.2 in January to 121 in August, the latest figure. Wholesale prices have also shown a moderate rise—from an index of 116.9 in January to 118 early in September.

» Total loans and investments of commercial banks are high and rising, and may be expected to continue their rise on a seasonal basis during the remainder of the year.

» Consumer credit is high and rising moderately.

» The outlook for automobile sales has been improving, and with the introduction of the new models a 6 million car year is now widely expected.

Thus, it is difficult to foresee the possibility of a serious business downturn. At the same time, there are signs that the boom is losing a little of its steam. I believe, however, that general business activity will remain strong during the remainder of this year, with continued business and consumer optimism and persisting concern about inflationary pressures. This should, therefore, provide the basis

First, let us take a look at the picture on corporate financing. During the first nine months of the year corporate issues (bonds and stocks) will total an estimated \$9.7 billion, as compared with \$7.5 billion in the first nine months of 1956. The corporate bond calendar on September 5 showed an aggregate of \$1,290 million bonds scheduled for offering with definite dates set, and \$493 million with no dates set. This overall total of \$1,783 million reflects some working down of the calendar in prior weeks, but the amount remains at an historically very high figure.

"In the area of Government policy having an important effect on the capital markets, namely housing and mortgage lending, there are a number of proposals which the shortage of available funds has fortunately held in abeyance but which may come into the picture if any relaxation occurs in the capital market. Through the device of Federal mortgage insurance under the FHA program, the entire population of the United States is likely to be offered the same mortgage credit opportunities as the veteran under the VA loan program. Moreover, an ambitious 'middle income' housing program is already receiving strong political support. In other words, given a relaxation of inflationary pressures in the economy as a whole, and in the capital markets in particular, I think we can expect Government policy to be directed strongly toward stimulating a resurgence of residential construction. A big question is whether the basic demand for housing, even on easy credit terms, is still there for the stimulation to work."

for a continuing high demand for capital funds. I do not believe that we can yet afford to lower our guard against further inflation.

If business plant and equipment expenditures turn down in 1958, and this is not offset by an upturn in residential construction or in consumer expenditures we could have some relaxation in business activity next year. I believe, however, that an upturn in residential construction will occur if business plant and equipment expenditures decline, and I can see no reason for any serious deterioration in business. Thus, the general business outlook for the balance of this year, and into 1958, promises to be conducive to a big demand for capital funds.

Against the background of the outlook for business, what can we say about the prospective uses and sources of capital funds in coming months?

Secondly, the use of residential mortgage credit seems to be on the uptrend. With the increase in the FHA rate to 5¼ per cent, these mortgages undoubtedly have become more competitive. However, with corporate net yields still considerably more attractive than the net return on FHA mortgages, there has not been any sizable increase in the flow of funds to FHA's, but it would undoubtedly develop if corporate rates should soften. A big unanswered question is whether the demand for new homes, even on the easy FHA downpayment mortgage terms recently made effective, will be great enough to absorb any large additional amount of mortgage funds if they become available. I do not believe that easy credit terms can stimulate home construction at this time to the same degree as in the latter part of 1953 and in 1954 and

early 1955, but if funds should become more readily available for the purchase of FHA mortgages on a low down-payment basis, I think housing starts could easily rise to well over the one million rate. Thus, an expanding volume of residential construction and mortgages could provide a point of refuge against a possible declining corporate demand for funds early next year.

The overall volume of funds available for capital uses will be about the same this year as last. However, within the total there have been certain shifts. For example, there has been a noticeable rise in time deposits of commercial banks and a decline in the net increase in savings bank deposits and shares in savings and loan associations. This is undoubtedly due to a competitive advantage gained by the commercial banks when they raised the rate on time deposits last December.

Although the net increase in available funds from all sources is about the same this year, the gross amount of cash available for investment has experienced some decline. In the case of life insurance companies, for example, gross cash flow has declined somewhat because mortgage repayments have fallen off substantially, policy loans have tended to increase, a smaller volume of policy proceeds are being left on deposit with the companies, and for other similar reasons. The decline in mortgage repayments refers to other repayments than regularly scheduled amortization. As interest rates have risen there is less refinancing of mortgages. For the capital markets as a whole, this should be a "washout" because the reduced availability of funds is matched by a reduced demand.

Before drawing any conclusions about the outlook for the capital market, it would be helpful to review certain forces which currently are exerting a great deal of influence on the capital market, and which should continue to have an important effect into next year. They are all forces which seem to rule out any significant relaxation in the capital market.

First is the decline in liquidity which has occurred throughout much of our financial system. In the corporate field we see it in a decline which has taken place in corporate

ratios of current assets to current liabilities, and in all of the cash ratios. Throughout the postwar period, to an important degree the result of inflation, corporations have reduced their cash position. They are now in much greater relative need to borrow funds—short and long—to finance working capital needs and permanent capital requirements. Likewise, in the case of commercial banks, the ratios of capital to deposits have decreased and loans at risk to total loans have increased steadily. It is widely recognized that even if many commercial banks had the reserves to expand their loans, the decline in bank liquidity would be an important deterrent. In the case of savings institutions such as mutual savings banks and life insurance companies, salable assets in the form of Government securities have been reduced to nearly minimum levels. Moreover, as interest rates have risen and capital values have declined, the difficulties in raising cash to make new investments have been enhanced. This has re-inforced rising rates and helps to explain the emphasis placed by investors on satisfactory bond redemption provisions.

A second factor of great importance in the capital market today is the very heavy forward commitment position of investing institutions. Outstanding commitments to purchase bonds and mortgages are great enough to absorb the flow of investment funds for many months ahead. In view of this great backlog of forward commitments it is difficult to foresee any pronounced easing in the capital markets in the next several months.

Still another important factor in assessing the capital market outlook is the backlog of deferred demand which may be expected to come into play if some easing should occur. In the past year certain prospective borrowers have temporarily withdrawn from the market because of lack of availability of funds and interest costs regarded as excessive. This has been particularly true of state and local Government financing and to a lesser extent public utilities and industrial financing. Some of this deferred demand will not automatically come to market if rates should soften, but a substantial part of it undoubtedly will become effective. The result should, therefore, be a stabilizing influence on interest rates.

Still another area of influence on the capital market is that of Government policy. Indeed, I suppose that many observers would place Government policy foremost, and I do not mean to assign it a minor role. It seems to me, however, that in recent months the basic forces of demand and supply in the capital market, and in the economy as a whole, have restricted the freedom of action of Government policymakers and have dictated the only sensible course of action.

First, what can we say about the outlook for Federal Reserve Policy? I do not believe that the Federal Reserve authorities will be rushed prematurely at the slightest indication of a business downturn to change from a policy of credit restraint to one of ease. On the contrary, I rather expect that they will await clear and definite signs of a downturn before easing credit. Moreover, I believe that the change from restraint to ease, if and when it comes, will not be sudden and sharp as it was in the Spring of 1953. There is evidence that the Federal Reserve authorities realize that their actions in the second half of 1953 helped to set the stage for the inflationary excesses we have experienced in the last few years. It is my guess that certainly for the balance of this year the threat of inflation and the excess of demand for capital funds over the supply of saving will require a continuation of the policy of credit restraint.

In the area of Treasury financing policy, it seems to me that the important thing to remember is the objective of funding some of the Federal debt. There has been a great deal of talk about this in the past several years but little action because of the pressing demands for funds from private sectors of the market. The most recent Treasury 4 per cent, 12-year bond shows that the objective is still in mind. Under the capital market conditions now foreseeable it seems likely that the Treasury problem of finding investors interested in a long-term Government bond will be with us for some time. On the other hand, if some relaxation should occur in the private demand for long-term funds, I think we can expect the Treasury to make a prompt and vigorous move toward lengthening the average maturity of the debt. Thus, here is an-

(Continued on page 28)

Mortgage Volume Increase i

A LOOK at the demand side of the market for long-term money in the first six months of this year shows that net mortgage borrowing, the chief segment of demand, dropped by fully \$2 billion, or 30 per cent, as compared with the first half of last year. Mortgage debt outstanding—and it is the change in outstanding debt that absorbs savings—increased by \$5.6 billion as against \$7.6 billion last year, truly an abrupt decline in the demand for money from the most important single source of demand.

On the supply side of the market, savings as usually measured rose to a new peak because commercial bank deposits increased by \$3,400,000,000 in the first six months—2½ times as much as the increase in the same period last year.

Actually, the bond market suffered one of the sharpest declines on record. In July of this year, as compared to a year ago, Moody's average of corporate bond yields was up 77 basis points—3.50 per cent to 4.27 per cent. Moody's average of state and local bond yields was up 86 basis points—from 2.79 per cent to 3.65 per cent. And even the yield on long-term government bonds, which the Treasury has protected from the test of new offerings—except for the very recent and small issue of 12-year bonds—rose 53 basis points—from 3.05 per cent to 3.58 per cent, according to the new index of long-term Treasury yields. These are yields on outstanding issues. If we had taken yields on new issues alone, which is a much better measure in a tight bond market, the increase in bond yields would have been much more sharp.

In other words, basic statistics we usually use pointed to a strong bond market, and yet the bond market suffered acute weakness.

What lessons can we draw from this?

Obviously, what economists call the law of supply and demand—the operation of which we try to study in these statistics—is as effective as it ever has been in the bond as in other markets.

Now examine all three big segments of the demand for long-term funds this year—mortgage borrowing, corporate borrowing and state and local borrowing.

Mortgage debt had increased spectacularly in the years preceding 1957. It was the rise in mortgage borrowings more than any other single factor that has turned the trend of interest rates upward since 1954. Mortgage debt increased by \$16.2 billion in 1955, the peak year. It increased by \$14.8 billion in 1956. This year, even if there is a little recovery in home building in the last six months over the first six months, mortgage debt will increase by about \$11½ billion, a decline from the peak of almost \$5 billion in the amount of increase. This will be the smallest rise in mortgage debt for any since 1953.

What lessons can be drawn from this spectacular drop in new mortgage borrowing in 1957?

First, it becomes evident that a considerable part of the demand for homes of recent years was the result of low down payments, and low interest cost of financing with government-underwritten mortgages. Family formation, personal income and other economic factors would alone not have given us years of 1,300,000 housing starts. That housing starts this year are likely to fall short of one million shows what happens when low down payments and low interest rates, causing low monthly carrying charges, are no longer freely available.

Second, with conventional mortgage financing dominating the housing marketing as it once again is doing in 1957, the demand for homes and, therefore, the demand for mortgage money will be substantially lower than the level of the last few years.

Third, we can conclude that the restrictive policy of the Federal Reserve System, especially if combined with inflexible rates on government-underwritten mortgages, curtails mortgage borrowing and home building and is more effective in curbing mortgage lending than any other type of lending.

Finally, we have to conclude—that if we hadn't had this restrictive credit policy, if we had had the same level of mortgage lending and home building as, say, two years ago, if we had 1,350,000 housing starts (as we certainly would have had with prevailing prosperity, fear of inflation, plus easy money), then we would have had a level of borrowing, business activity and employment that would have made the inflationary forces truly explosive. A major contribution to holding down inflationary pressures has been the effectiveness of Federal Reserve policy in reducing the demand for mortgage funds.

Turning to the supply side of the market for long-term funds in 1957, we find:

The flow of savings into thrift institutions other than commercial banks has changed little. Life insurance companies, savings and loan associations, mutual savings banks are reporting somewhat smaller gains than last year. On the other hand, corporate and state and local pension funds are showing larger gains than a year ago. Taking the total flow of institutional savings, the change is negligible outside of the commercial banks.

se in 1958 May Go Above 1957

The commercial banks, however, are enjoying a record gain in time deposits. It looks very much as if 1957 will witness an even larger gain in time deposits than some of the war years when the rise was so spectacular. In 1955, the commercial banks of the country reported an increase of \$1½ billion in time and savings deposits; in 1956, \$2.2 billion; in the first half of this year alone the increase was \$3.4 billion. There is very good reason to believe that this will be the first year on record that the increase in time and savings deposits will exceed, and may exceed materially, \$5 billion.

The reasons for this we all know very well. First and foremost, there is the payment of higher rates of interest on savings and time deposits. Commercial banks in recent years had tended to price themselves out of the market for savings; with ample outlets for funds at attractive interest rates, they have latterly priced themselves back into the market in many cases.

Second, along with the payment of higher rates has come more active solicitation and promotion of savings deposits. Results have been striking, although in part this has reflected a considerable shift of deposits from demand to savings or time accounts. That is necessarily so, since the increase in commercial bank time and savings deposits have been so much greater than any slowing down in the gains of competing thrift institutions.

An increase in savings deposits would ordinarily point to a sharp rise in the demand for mortgages and bond investments. But commercial banks differ fundamentally from other financial institutions. They are versatile and flexible institutions, tied neither by form of organization nor by policy to any particular outlet for

In looking at The Bond Market Puzzle and what is ahead for bonds, Dr. Bogen analyzes what has happened in the mortgage market where the greatest single demand for capital exists. In the first six months of this year, there was a precipitous decline of 30 per cent—a full \$2 billion. Mortgage debt rose by \$5.6 billion as compared with \$7.6 billion in the first half of 1956. For all of 1957, the indicated increase is \$11.5 billion and next year the increase will likely be around \$12 billion. The increase in mortgage borrowing in 1958 probably will come out of corporate bond financing, he says. Dr. Bogen coins a phrase, the “institutional savings gap,” which he defines as the difference between the flow of funds to major financial institutions and the total amount of money needed to absorb the bonds and mortgages offered. Based upon this, Dr. Bogen sees a narrowing of the gap in 1958.

By DR. JULES I. BOGEN

Professor of Finance, New York University



funds. Commercial banks are short-term lenders, and seek to meet demands where they are most pronounced.

The experience of 1957 showed that we cannot assume, as with other thrift institutions, that a gain in time and savings deposits is equivalent to an increase in the supply of funds to buy long-term bonds and mortgages. If we want to measure the supply of funds for the mortgage and bond

markets accurately, we have to use the actual increase in commercial bank holdings of mortgages and bonds and ignore what happens to time and savings deposits. Then, this is what we find:

This year, based upon the figures to date, commercial banks will increase their mortgage holdings by perhaps \$200 million, against an increase of \$1.7 billion last year. Commercial banks have shifted their lending from

mortgages to short-term commercial and other loans. Secondly, holdings of state and local bonds by commercial banks will increase by about \$200 million, about the same as last year and relatively little as compared with past years. Thirdly, commercial banks are increasing their holdings of corporate bonds by a relatively small amount.

If we take the three items together—mortgage lending, investing in state and local bonds and investing in corporate bonds—we find that this year commercial banks will increase their holdings of all long-term investments by less than a billion dollars—the figure is \$900 million—as against \$1.3 billion last year, and \$2.8 billion in 1955.

The increase in mortgage and bond holdings of commercial banks this year will be less than a third of what it was in 1955. The increase in time and savings deposits will be more than three times as much as in 1955. If we want to be realistic in appraising the supply of investment funds for the future, we must not include—as I and a number of other students of the subject have hitherto done—the change in commercial bank time and savings deposits, but substitute the figure for the net increase or decrease in commercial bank holdings of mortgages, municipal and corporate bonds.

It has been clear this year that commercial bank mortgage lending and bond buying are determined by Federal Reserve credit policy and short-term loan demands, and not by the trend of time and savings deposits. Federal Reserve policy, through its impact on commercial bank lending and investing, thus has a direct and very strong influence upon the trend of long-term interest rates.

An invaluable clue to changes in bond prices is the difference between institutional funds, which you can easily measure, and total demand for investment funds. When institutional funds fall short of total demand, then it is necessary for those who sell bonds and for mortgage borrowers to find other buyers, to make yields high enough to attract into the market individual investors, trusts and eleemosynary investors.

I would suggest that we call the difference between the flow of funds to major financial institutions and the

total amount of money needed to absorb the bonds and mortgages that are offered, the *institutional savings gap*. In 1954, that institutional savings gap was \$1.3 billion—we had to sell that amount of bonds and mortgages to individuals, to trusts and to buyers other than the big financial institutions listed. In 1955, that gap rose from \$1.3 to \$3.9 billion. Bonds and mortgages had to be made more attractive to bring in these new buyers. In 1956, the gap rose to \$5 billion; and in 1957, it looks as if it will be—based upon the figures we have to date—\$5,600,000,000.

The size of that gap is about as reliable an indicator of what is happening or what is about to happen in the bond market as any other single figure under the conditions of this year and last year.

Looking ahead to 1958 and trying to make projections based upon reasonable assumptions, this is what I can see:

On the demand side, there could be some rise in mortgage demand. The FHA rate has been raised to 5¼ per cent. Under the new housing law, the Administration has reluctantly liberalized terms to some extent. But if there is a rise—and there won't be much of a rise, it seems, in residential building—then there could be a further decline in non-residential building. Some of the buildings most recently put up, or about to be put up, are not renting anywhere near as easily as was the case before.

A building boom is like Humpty-Dumpty—when he is thrown off the wall, you can't put him back immediately.

The increase in mortgage debt in 1958 may not exceed \$12 billion, or a little higher than the indicated \$11½ of 1957.

Whatever increase in mortgage borrowing occurs next year should be more than offset by a decline in corporate bond financing. There are at least three factors that could lead to a reduction in corporate bond financing from the very high level of 1957. These are, first, a cutting back of plant and equipment spending, which is already indicated—it is the first time in quite a while—in the fourth quarter of 1957. The facts that industrial production has held about 2 per cent below the peak of last De-

cember, that sales are not increasing in a number of industries; that the profit squeeze is becoming more pronounced, and smaller profits are not conducive to large-scale spending on plant and equipment; that business is feeling the liquidity squeeze more and more, and, finally that businessmen as well as bankers and others begin to understand what the Federal Reserve is trying to do: all these factors together point to material cutting back in plant and equipment spending—not in all industries, maybe not in the telephone industry or in the utilities—but in enough industries so that the total will decline. What we are concerned with here is the total, not parts of that total.

Second, there will also be a tendency in many fields to hold down or reduce inventories. A considerable part of the corporate demand for funds has been to finance larger inventories. Inventories registered a big rise last year. They will probably rise by about \$3 billion this year. I think it is more likely that inventories in 1958 will show a little decline rather than a rise. Even if they remain about the same, that means a reduction in the need for funds to finance inventories of over \$7 billion as compared with 1956.

Third, there is the prospect that bank loans will be more available, and a very important reason for the bulge in corporate bond financing this year has been the increased difficulty as well as higher cost of financing through the banks.

Finally, on the supply side, the volume of funds available could be increased materially next year by increased commercial bank bond buying and mortgage lending. That would occur if one or perhaps both of these things happen—first, some lessening in short-term borrowing demands; second, which could be more important, some relaxation of the restrictive Federal Reserve policy. Such a relaxation is inevitable if a business recession becomes more pronounced, reaching a point where it generates considerable unemployment. So far we have had a slight business recession without material unemployment. That is a lot more feasible politically than unemployment, which centers political attention upon Federal Reserve policy to a degree that no other development would.

Therefore, 1958 could see a narrowing of the institutional savings gap if demands for long-term funds should decline, even moderately; if the supply of funds seeking long-term investments should increase, chiefly from the commercial banks, even moderately. The institutional gap would then decline substantially and issues would not have to offer higher and higher yields in order to attract more individual and other residual buyers into the bond market.

I would like to look ahead beyond the next year. While the longer we look ahead the greater the risk we run of overlooking or not appraising correctly important market forces, yet we all have to do this as a practical matter. The experience of 1957 presents the following lessons so far as the long-term outlook for interest rates and bond prices is concerned:

The outlook for the American economy, as we look ahead into the 60's, is not only as bright as ever; it is brighter than ever. Our population growth continues at almost 3,000,000 a year. There is no slackening in technological progress, no slackening in the desire of our people to raise their living standards. These developments will bring huge capital needs in the 1960's. These capital needs should tend from time to time to exceed the supply of savings. Interest rates, therefore, should be firm or rising during much of that period.

The chief threat to that bright economic prospect is not so much inflation as a general belief that inflation is inevitable. Whether we can have inflation in peacetime in an economy that is as productive as that of the United States is a question. But if everyone is convinced there is going to be inflation, they will act for a time as if chronic inflation is assured, and that is sure to bring a boom and bust in its wake in time.

The old Federal Reserve policy of leaning against the wind seems to have been abandoned about a year ago, and now it is leaning with the wind. Business as a whole has receded some this year. Yet, instead of turning, as they did in 1953 and 1954, to a policy of massive easy money, the Federal Reserve authorities have tightened the screws of the tight money policy.

That is a very important change in policy. The Federal Reserve is thereby

trying to disabuse the minds of our people, of all of us, of this notion—which can be so dangerous—that the price level is going up 3 per cent, or 4 per cent, or whatever the Harvard professors teach is the average for the period indefinitely ahead. If this is assured, then people should put their savings into equities and real estate, business should buy all the plant and equipment and inventory it can order, since every year you delay, it will cost so much more. And then, when we get all loaded up with all of these inflation hedges and we have no place to go, doesn't every sensible person have to conclude that we would really get a depression that will curl our hair, or whatever is left of it?

Tight money combats inflation, but it does more than that. It fights what is even more dangerous than inflation, a universal conviction that uninterrupted inflation is inevitable. As for the effectiveness of tight money, Dr. Marcus Nadler is so right. It stopped the boom in 1920, it stopped the boom in 1929, it stopped the boom in 1937; and, as sure as day follows night it is stopping the boom in 1957 and 1958. There are many signs of it, and the signs are going to increase.

While there are many reasons to believe that the 1960's will witness a high level of capital demand and a repeated tendency for savings to fall short of the demands for capital, we must not confuse that secular trend with the cyclical fluctuations that the changed Federal Reserve policy will make even more pronounced.

What we have seen in 1957 is not part of the long-term rise in interest rates. What we have seen, I think, is a bubble on that rising trend brought about by a wise restrictive Federal Re-

serve policy, a bubble that will not last. Next year, there could well be a significant decline in interest rates which will not affect the long-term trend, but which will greatly affect us in our operation for the nearer term.

» **PREFAB OUTLOOK:** Surveys of industry production reveal that production of prefabs is holding its own despite the 20 per cent drop in housing starts this year. Third quarter sales were far ahead of the second quarter. Estimated sales this year are for between 90,000 and 100,000 house packages.

Prefabricated brand-name homes for 1958 will be larger, more flexible, eye appealing in the manner of "magazine cover homes" . . . and company lines have been enlarged to include more expensive models along with low cost and medium income housing.

Several leading manufacturers have added Colonial and Cape Cod models to their lines, meeting the public demand for these ever-popular styles. About 300 companies in the United States are now producing prefabricated homes, with major production east of the Rockies.

Keynote of 1958 floor plans is flexibility. The home manufacturer offers a wide variety of styles and plans which can be adapted to suit the individual needs and tastes of homebuyers and builders.

Home prefabricators are building larger homes within every price range for their 1958 lines in order to meet the demand for more space. In order to do this, several have added two story or story-and-a-half models to their split-level models. This gives more space at less cost per square foot.

Mortgage Loans to **STRANGERS? NEVER!**

Get **MORTGAGE LOAN REPORTS**
from **RETAIL CREDIT COMPANY**
and **RETAILERS COMMERCIAL AGENCY**
HOME OFFICES: ATLANTA, GEORGIA

Affiliated Investigative Agencies, providing dependable
information on anyone anywhere in North America.

DEMAND FOR MONEY (Continued from page 23)

other force tending to stabilize the overall demand for long-term funds.

In the other area of Government policy having an important effect on the capital markets, namely housing and mortgage lending, there are a number of proposals which the shortage of available funds has fortunately held in abeyance but which may come into the picture if any relaxation occurs in the capital market. Through the device of Federal mortgage insurance under the FHA program, the entire population of the United States is likely to be offered the same mortgage credit opportunities as the veteran under the VA loan program. Moreover, an ambitious "middle income" housing program is already receiving strong political support. In other words, given a relaxation of inflationary pressures in the economy as a whole, and in the capital markets in particular, I think we can expect Government policy to be directed strongly toward stimulating a resurgence of residential construction. A big question is whether the basic demand for housing, even on easy credit terms, is still there for the stimulation to work.

After looking at the business outlook and at the various forces influencing the capital market, what conclusions seem to follow regarding the capital market outlook?

I would say that for the remainder

of this year we may expect the following:

» The demand for capital funds will continue to be in excess of the supply of savings.

» In view of this situation, as well as persisting inflationary pressures generally throughout the economy, the Federal Reserve may be expected to continue its policy of credit restraint.

» As a consequence, I do not expect any decline in interest rates during the remainder of this year. On the contrary, I believe rates will remain firm at about the present levels. Although it seems certain that rates will remain firm in the next few months, there does not appear to be any basis for anticipating a further significant rise at this time.

Looking forward to next year and even longer, what can be said about the capital market outlook? We have, of course, been through a prolonged period of economic growth, heavy demand for capital funds, and an up-trend in interest rates. The old saying that everything that goes up must eventually come down is probably no less true today in the economics field than it has been in the past. One hesitates to be classified as a believer in "new era" economics. And yet, our national economy in the postwar period has shown great facility for moving successfully through rolling adjustments. We have been enormously fortunate in having alternate waves of capital expansion in housing, on

the one hand, and plant and equipment on the other. This has not been entirely a matter of good luck but to an important extent has been a product of natural market forces and government policy. I think that a crucial question is, if and when the current wave of plant and equipment expansion runs its course, whether an expansion of housing will again take place to fill the gap. I do not feel pessimistic about the possibility of a new upsurge in housing next year if mortgage funds become increasingly available.

With the cold war in international affairs and the inevitable huge Federal budget, with the political emphasis upon directing government policy toward maintaining full employment, with the expenditure by business of several billions of dollars for industrial research, with the vast highway program now being readied, with the burst of family formations which will develop in the mid-1960's, with the increasing capacity of our economy to experience rolling adjustments without going into a tailspin—with these and other similar forces operating—it is quite conceivable that the capital market conditions which are with us today may persist for quite some period of time.

—As condensed from text at the National Fraternal Congress of America.

PRIME MORTGAGES THROUGHOUT THE NATION

F.H.A.
and
G.I. **MORTGAGES**

...in choice locations
offered at maximum yields

W. L. PFEIFFER CO., INC.

480 LEXINGTON AVE., NEW YORK, N. Y.
PLAZA 3-2140

offering
quality and security
on mortgage
investments
at attractive
discount prices
throughout
Northern California

**SONOMA
MORTGAGE
CORPORATION**

SANTA ROSA, CALIFORNIA

Henry Trione . President

Eastern Representative
ELEFORD & RUTGERS, INC.
BArlay 7-8414
253 Broadway New York 7, N. Y.

President's Page

THE OUTLOOK IS FAVORABLE FOR MORTGAGES

FRESH in the minds of more MBA members than ever gathered for a meeting before are the recollections of this year's Convention—our annual event for exchanging viewpoints about our business, for attempting to see what lies ahead and for a meeting of minds of originator and investor. For me, the event was a particularly memorable one because it was the occasion for intrusting to me the guidance of the Association's destinies during the coming year, a responsibility I deem a high privilege and one to which I will devote all of my energies and thinking.



John C. Hall

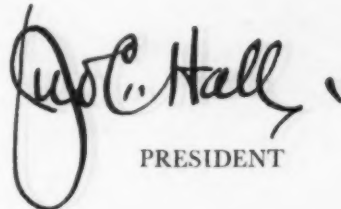
We all learn something from an MBA Convention, no one goes away without taking with him something that is useful and important. But sometimes what we learn cannot be described in exact terms. This year the continued credit restrictions—our familiar tight money—dominated our thinking and discussion. From it came some conclusions which appear fairly obvious: The extreme tightness of the money market has alleviated some—but not too much. Investors' extreme selectiveness in investing in mortgages has relaxed—but not too much. The general level of the money market has changed for the better—but not too much. In addition, it seemed apparent that mortgage interest rates will not go higher; in fact, a logical trend to anticipate is a gradual movement the other way. Next year's housing volume will do well to hold around the level of 1957—and that means a fairly satisfactory year from any reasonable point of view.

These are some of the impressions I have of Dallas. Nothing startling, but to me they add up to a favorable outlook for the future. Our business, for more than two years, has been through a most critical time. For many old-line firms, with records of successful experience stretching far into the past, this year has been like something they have not previously known. For them, the future looks decidedly better. The

outlook is improving, of that there seems to be little doubt. It was a feeling of confidence, more than anything else, which Dallas has given to me and I hope it was shared by other members as well.

Looking a bit beyond our problems of the moment, some other things which loom importantly in my mind are the challenges which face us over the next ten and twenty years. I become more convinced every day that investors tomorrow will demand the strongest type of correspondent relationship. There is a lot of business ahead for correspondents during the next twenty years but those who handle it must be well-financed, well-organized and well-managed. Every mortgage banker ought to be carefully considering the full implications of what to me is clearly evident. Servicing is another frontier of the future. We've done more in that area in the past few years than ever before but I have no doubt that there is hardly an office where some improvement could not be made, where greater efficiency could not be achieved. We certainly will have to put our best foot forward in servicing because, for so many of us, it's vitally important in our net figure and doubly important in doing the job I know investors will demand.

Next year, as I have said, looks promising—but it will not be another 1950 or 1954. Until we get into the Sixties when we know quite a bit of business will be waiting for us, ingenuity, initiative and hard work are prime essentials in any and every mortgage operation. Your Association appreciates that fact clearly and will do everything it can to assist you in meeting the challenges of today. I will welcome your advice and suggestions.


PRESIDENT

Convention: 1957 ...Dallas Style



Yes, MBA Does It Again— 44th Annual Convention Sets Record...Largest Ever!

From all parts of the United States, the District of Columbia and Canada, and from as far away as Puerto Rico and Hawaii, MBA members converged upon Dallas to make this year's Convention the biggest—and many say, the best—ever. By train, plane and automobile, they came—over 3,100 strong. Among their number was the unprecedented total of more than 900 ladies. Represented, were some 248 different cities in 45 out of our 48 states. Texas, as could be expected, led the way with almost 600 registrations.

To meet and discuss problems of import and mutual concern, imposed by today's market conditions . . . to participate in the stimulating and provocative business sessions—to listen carefully, to be informed, to carry away facts and new concepts which could well determine future business policies—for *all* these reasons they came, and to share, too, in the fun and sociability of Convention doings. And, when it was all over, a goodly number chose to "take the long way home" by first visiting Mexico and Central America, carrying with them the pleasant memories of a successful and satisfying four days.

THERE had been some improvement in the mortgage business in recent months—but you had to look closely to determine the extent. Only a precision instrument could measure it exactly; and if that instrument had been the same device as used in the bond market, the answer would have been that we are a few basis points better.

That was what most mortgage men knew when they gathered in Dallas for MBA's largest Convention. Demands for capital from industry were slackening, loans were somewhat easier to get at the banks, savings were continuing their climb, bond prices were inching up and yields falling. The improvement was there, but it was small; and as has always been true, the mortgage market is the last place where tangible evidence would be seen.

Mortgage men coming to Dallas were, generally speaking, finishing up one of the most difficult years in their business—and most of them were anticipating a continuation of the present trend into the new year. What they did not know—what indeed no one knew or even suspected—was that the end of the tight money era might possibly be closer at hand than anyone could have foreseen. For, exactly one week after the gavel fell on MBA's 44th annual Convention, the break came. Four Federal Reserve banks dropped the discount rate from $3\frac{1}{2}$ to 3 per cent. The resultant flurry of activity reached into many fields. Had this tight grip on credit come to an end, had the big threat of inflation passed? No one could say for sure, but everyone fully recognized that, in this easing of funds, a big step had been taken to get away from the strait-jacket conditions of the past two years.

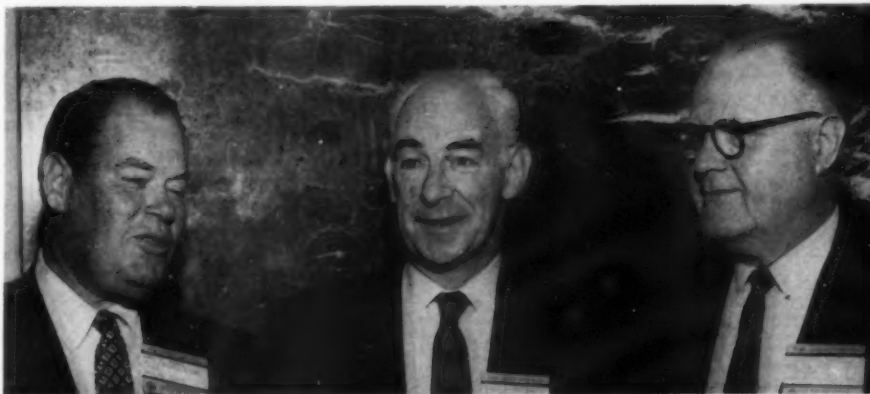
Opening session participants (top photo): Carl S. Davis, president, Dallas MBA; James J. Teeling, president, Texas MBA; Carroll L. Jones, Corpus Christi, Texas. In center photo, Deane C. Davis, president, National Life Insurance Co., Montpelier, Vt., with speakers: Ben H. Wooten, president, First National Bank in Dallas; Albert J. Robertson, chairman, Federal Home Loan Bank Board; John F. Austin, Jr., Houston, and the Hon. Joseph B. Johnson, Governor of Vermont. Bottom photo: over-all auditorium view.

Tight money, of course, was the principal topic at the Convention. The consensus of the more than 3,000 who attended was that conditions have improved slightly, investors are a bit less selective than they had been, there had been no wholesale departure of investors from the market and that next year should be a rather satisfactory year with housing starts about what they will be this year—in the neighborhood of a million.

Now, a few days after the Federal Reserve's surprise move, that outlook has improved immeasurably. Above and beyond this analysis was something else—the great scientific achievements of the Soviets and the challenge which they present to the military side of our economy. The effects of these things are going to be very evident for some time to come; and, as the Presi-

dent made clear, expenditures in that area may have to be increased rather sharply, implying that some civilian programs would have to be curtailed. You can read all sorts of implications into that possibility and some of these implications have a vital bearing on the type of operations which the federal agencies in housing are now conducting.

Whatever else it may have been, it was certain that the first week in November was a red letter period in the wonderful world of Convention-going which has become a much-revered tradition in American life—and one well illustrated by MBA's annual affair. A good time was had by all, the Texans lived up to their reputation (an accomplishment of considerable size) and the meeting turned out to be what it was intended



to be: an annual appraisal of this business of lending on and investing in mortgages. Every category of the field was well represented, there were ample opportunities for an exchange of views of originator and investor.

But looking at the Convention—program-wise—what did we talk about, what did we learn? That's something else again, and deserves a word of explanation. Remember, back in 1948, when a national magazine was out the day after election announcing the Dewey triumph? The incident has some parallel to what we heard at the Convention, because if there was anyone there who believed that the Federal Reserve action was only a week away, he failed to make his opinion known.

What the "government men" have to say is always an anticipated event at MBA meetings. This year, summarizing:

» They were optimistic about the outlook.

» They don't like discount controls and want to see the system abolished.

Albert M. Cole, HHFA Administrator declared:

"The period we have been passing through has posed unusually complex problems. An acute short-range problem has been, and is, discount controls. That baby was left on our doorstep by the last Congress. Commissioner Mason will have more to say about it than I propose to. He has had the practical—or, I should say impractical—job of rearing the baby. And he is not enthusiastic. Neither am I. Neither are you. Neither is the public, and neither is President Eisenhower.

"Discount controls represent price fixing in its worst form with all the accompanying ills, not the least of them being ill will. I advocate their repeal as being unworkable."

Looking ahead, he reminded MBA members of an area of their operations which not too many have seriously considered:

"I want to touch on an interesting, hopeful aspect—one of many, it is true—but one that impresses me a great deal. I refer to rehabilitation, a word that covers a lot of territory.

"There is rehabilitation in the restricted sense, meaning home improve-

ment, either under or outside of FHA Title I. There is rehabilitation under the FHA 220 and 221 programs. There is assisted and also non-assisted (or non-grant) rehabilitation—in the latter case the Sawtelle project in Los Angeles, the Little Mexico project in Dallas, and the huge Washington Terrace project in Utah involving 1300 units.

"We have the example of the beautiful Georgetown district in Washington which is the outcome of private rehabilitation carried on over many years; and we have Tyson Street in Baltimore where a run-down block assessed at only \$19,000 in 1946 is now assessed at \$250,000.

"Rehabilitation has many faces, sizes and shapes; but the fact is that where there is local leadership and imagination, a market is opened up for mortgage financing as well as for the building industry."

FHA Commissioner Norman Mason also attacked the discount control business:

"Congress has given me the unwelcome job of setting reasonable discounts on mortgages insured by the FHA. It is one of the most difficult assignments ever handed to me.

"In carrying out the will of Congress, our purpose in the FHA has been to create as little disturbance as possible in established financing practices. That's why I want to discuss the problem with you and try to work out a solution, so that as long as we have to live with discount controls—I hope it won't be long—we can all work together.

"We don't want to disrupt the market; but home financing practices vary



← Walter C. Nelson, Eberhardt Company, Minneapolis, and Albert M. Cole, HHFA Administrator (seated, center, in top photo) with other program participants: Harry Held, The Bowery Savings Bank, N. Y.; R. C. Larson, C. A. Larson Investment Co., Beverly Hills; Norman H. Nelson, The Minnesota Mutual Life Insurance Co., St. Paul; Paul J. Vollmar, Jr., Realty Mortgage & Investment Co., Albuquerque; Carey Winston, The Carey Winston Co., Washington D. C. Lower photo: MBA General Counsel Samuel E. Neel, with Thomas J. Sweeney, director, Loan Guaranty Service, VA; Norman P. Mason, FHA Commissioner; J. Stanley Baughman, FNMA president.

so much from one area to another—and even among lenders in a specific area—that, no matter how hard we try to be equitable and reasonable, FHA limitations on discounts can't help being in some degree a disruptive influence.

"The chief trouble seems to be that lenders are willing to accept FHA discount limitations as satisfactory for the highest-grade mortgages, but they believe higher rates should be permitted on less desirable mortgages."

But, said Mr. Mason, in the end the discount situation may produce some tangible good.

"The present-discount situation may be of some use if it helps to bring about a reappraisal of mortgage lending practices."

J. Stanley Baughman, president of the Federal National Mortgage Association, is a pretty important figure in the mortgage business these past two years; and without the facilities which FNMA provides, it takes some thinking to imagine what conditions might have been. He brought members up to date on FNMA operations, its policies and its problems—and FNMA has the latter just like the rest of us.

"In the last one and one-half years, debentures totaling \$1,615,000,000 have been marketed. The interest cost on these issues has risen from 3½ per cent in February, 1956 to 4.7 per cent for the September, 1957 issue. Thus, FNMA must make adjustments in

response to changing market conditions and in conformance with its charter which requires the Association to determine purchase prices, fees and charges in its secondary market operations, with the objective of reasonably preventing excessive use of its facility and of enabling the operations to be fully self supporting.

"If it did not do so, it is quite probable that the housing industry would not have FNMA available very long as a source of liquidity."

The extent of the vast operations of FNMA were detailed. Purchases of mortgages under its secondary market program total about \$1,550,000,000. In a recent test period, he said, of the total of FHA and VA loans relating to new construction, three out of every ten were offered to FNMA. The Association now owns \$2,337,000,000 of mortgage loans which it purchased under its old set-up prior to November, 1954.

Thomas J. Sweeney, director of the loan guaranty service of the VA, had his tongue in his cheek when he devised the title of his talk as "The 'Demise' of the GI Loan Program." The "demise" will have to wait for a while. VA has no plans to ask for an increase in rate. The discount control program has not helped the VA business at all, but the agency must do the best it can under the law. As he said:

"There are two specific matters in

which I would like to ask the assistance of mortgage bankers. First, we have received a number of complaints from veterans regarding adjustments in the amount required to be paid towards their tax and insurance accounts.

"We all know that many tax jurisdictions have found it necessary to increase their tax rates because of the rapid increases in expenditures for school construction, highways and other public facilities. In many communities, tax increases may be directly attributed to the demands for better services brought on by mushrooming suburban growth, which has been stimulated in large measure by the willingness of you mortgage lenders to make loans available on liberal terms.

"However, some mortgage holders and servicers have made the mistake of assuming that all mortgagors were as well informed as themselves, and have simply billed their 'customers' for increased tax and insurance costs, without a word of explanation. Timely adjustments and a brief explanation to the borrower would, I am convinced, prevent such misunderstandings. It's good public relations—and plain common sense.

"Second, I would like to ask the assistance of mortgage bankers who are also in the real estate brokerage business or have a real estate department devoted primarily to the listing or sale of residential properties. In

(Continued on page 41)

Among Convention highlights was MBA's official recognition of 26 years of distinguished service rendered to it and the industry by its retiring Secretary-Treasurer George H. Patterson. Photos (top tier) show, first, 12 MBA past presidents who participated in ceremony; James E. Sheridan, executive vice president, American

Title Association, presenting testimonial plaque to Mr. Patterson; John F. Austin, Jr., presenting official MBA testimonial. Lower photos: Lindell Peterson speaks for Past Presidents; Brown L. Whatley presents a voluntary cash gift from MBA members; George and Cozy Patterson.





They Were There

Convention days, always, are busy days—but never so busy that members attending can't take out a few minutes to visit with old acquaintances; and, surely, one of the most familiar of all Convention sights is that of these friendly, conversational groups—here, there and everywhere—before, after and during the business sessions. "Caught in the act" by MBA's roving cameraman, a representative sampling of such groups may be seen here and on the following pages.

First group above includes: Rome Moretti, Bank of America NT & SA, San Francisco; Leslie C. Taylor, Chicopee Falls Savings Bank, Chicopee, Mass.; D. C. Sutherland, Bank of America NT & SA, San Francisco; Geo. H. Robinson, Boston Five Cents Savings Bank; James E. Woodruff, New York Life Ins. Company. Next we see John F. Austin, Jr., T. L. Bettes Co., Houston, sharing a laugh with Carlton S. Stallard, Jersey Mortgage Co., Elizabeth, N. J. and Lawrence Gillam, Metropolitan Life Ins. Co., New York City.



Above, that's John P. Traynor, Mutual Life Ins. Co., N. Y., with newly elected MBA President, John C. Hall, Birmingham, Ala., and H. Ladd Plumley, State Mutual Life Assurance Company of America, Worcester, Mass., a program speaker. Next group: Wallace Moir, Wallace Moir Company, Beverly Hills; J. Fred French, Amoskeag Savings Bank, Manchester, N. H.; James E. McGuire, John Hancock Mutual Life Ins. Co., Boston; Lindell Peterson, Chicago Mortgage Investment Co.

And below, that's Byron T. Shutz, Herbert V. Jones & Co., Kansas City, Mo.; Geo. H. Patterson; Aubrey M. Costa, Southern Trust & Mortgage Co., Dallas; L. A. McLean, Southern Trust Co., Louisville; Wm. L. King, James W. Rouse & Co., Washington, D. C. The next foursome: Eugene S. Ovenshine, New York Life Ins. Co.; Donald Sherwood, Sherwood & Roberts, Inc., Walla Walla, Washington; Leonard Downie, Mortgage Finance Corp., Seattle; Bert R. Edwards, Sherwood & Roberts, Walla Walla.





They Were There

First, above, an interrupted conversational group composed of Mrs. Dudley Shoemaker, Jr.; Henry E. Niles, Baltimore Life Ins. Company; Mrs. J. D. Ansley; Jimmie Dick Ansley, D. Ansley Company, Inc., San Antonio; Dudley Shoemaker, Jr., Baltimore Life Ins. Company, Baltimore. And next we see an all New Orleans trio: Stanley A. LaFargue, Delta Fire & Casualty Co.; A. Chimento, Home Mortgage & Investment Corp.; Neil Christo-

pher, Fidelity Bond & Mortgage Co., Inc. Directly below left, George W. Ryan, Jr., W. L. Brady Investments, Inc., Kansas City, Mo., lends a helping hand to Lynn D. Carney, Paramount Fire Ins. Co., San Francisco; interested onlookers are W. L. Brady of W. L. Brady Investments Inc., and Russell H. Perry, Republic Ins. Company, New York.



Above, and to the right, an all Kentucky group and all with Franklin Pioneer Corporation: Plummer M. Jones, Lexington; James T. Green, Charles Lamar and Mark V. Rinehart, all of Louisville. Below, and to the left, an especially animated group: Al Drake, Jr. and Wm. A. Turnipseed, both with Liberty National Life Ins. Company, Birmingham; Edward G. Bergen, J. I. Kislak

Mortgage Corp., Jersey City; R. Manning Brown, Jr., New York Life Ins. Company; Brown L. Whatley, Stockton, Whatley, Davin & Co., Jacksonville, Fla.; Robert Tharpe, Tharpe & Brooks, Inc., Atlanta. Final photo on page catches Byron T. Shutz (right) once again—this time conversing with Lenox Carruth and H. H. Gaffney, both of Republic Ins. Company, Dallas.





Others Who Were There

Seen in the hotel lobby: Texans Emil Beck, A. J. Zotos and W. C. Brown, all with Key Investment Co., Odessa, together with New Yorkers Miles C. Babcock and Elwood B. Waters, both of Teachers Insurance & Annuity Assn. of America; with James S. Key, also of Key Investment. Next, that's Charles V. Denning, New York Life Ins. Company, Atlanta; C. W. Grandy, Jr., Invest-

ment Corporation of Norfolk, Norfolk, Va.; W. A. Charters, same firm; and H. Paul Jones, New York Life Ins. Company, N. Y. Below, left, that's Mrs. Jack Vesper, Tulsa; with Wright Bomford, Bomford Bros. Co., Tulsa; Stewart Morris, Stewart Title Guaranty Co., Houston; V. C. McNamee, same firm, Fort Worth; O. J. Finney, Southwestern Life Ins. Co., Dallas.



The three gentlemen in photo above, at right, are: M. J. Mittenthal, N. E. Mittenthal & Son, Inc., Dallas; Lon Worth Crow, Jr., Lon Worth Crow Co., Miami; Joseph B. Moore, Gulf Life Ins. Company, Jacksonville, Fla. Below, that's George D. Milne, (second from left) United Benefit Life Ins. Co., Omaha, sitting it out with John N. Booth, Everett H. Cox and Dale C. Chegwin,

all with the Oklahoma Mortgage Company, Inc., Oklahoma City. And, last on the page, a group of all Lawyers Title Ins. Corp. men: left to right, J. C. Hughes, Columbus; Martin Phillips, Dallas; Nelson B. Merritt, Detroit; E. Gordon Smith, Dallas; Robert L. Saville, Jr., Dallas; Kenneth C. Crowder, Chicago; Charles C. Hampton, Dallas; George V. Scott, Richmond.





Of A Social Nature

As important as are the speeches, the committee meetings and all other business features of a national convention, so, too, do the meeting's social functions add to its overall success. And, in Dallas, the social aspects were not neglected—no, siree! At the Mortgage Bankers Legion Dinner, a Saturday evening event preceding the Convention opening, the speakers table (above) included Geo. H. Patterson, John F. Austin, Jr., Edward F. Lam-

brecht, Legion Grand Marshall; Kenneth J. Morford, Legion Secretary; John C. Hall and Frank J. McCabe, Jr., newly appointed MBA Executive Vice President. Seen at the affair: Bert J. Finbugh, H. F. Whittle Investment Co., Los Angeles; Albert A. Drawbert, Northwestern National Life Ins., Co., Minneapolis; Arthur R. Deming and Charles D. Mears, Acacia Mutual Life Ins. Washington, D. C.; H. F. Whittle, Whittle Invst., Los Angeles.



Also at the Legion Dinner (photo above) were Edward J. Thomas, Saving Fund Society of Germantown, Philadelphia, and W. W. Salmon, Southern Mortgage & Trust Co., Dallas, with Frank J. McCabe, Jr. Next, a group at the Republic Insurance Company reception in honor of the three past MBA presidents from Texas, John F. Austin, Jr., Aubrey M. Costa and Owen M. Murray: L. S. Davis, The Manufacturers Life Ins. Co., To-

ronto; Waldo E. Francois, Pan-American Life Ins. Co., New Orleans; T. R. Lamon, Manufacturers Life, Toronto; E. M. Coen, T. W. Grogan Co., Cleveland; Ralph L. Hewitt, Tennessee Life Ins. Co., Houston. Photos below show, first, the reception guests awaiting their turn to autograph the caricature drawings of the three guests of honor; and, next, Aubrey Costa, with Helen and John Austin in the receiving line.





Party, Party, Party...

MBA Vice President Walter C. Nelson, Eberhardt Company, Minneapolis, and Mrs. Nelson enjoyed a friendly chat with Mr. & Mrs. Donald McGregor, T. J. Bettes Co., Houston, at the Mutual Benefit Life reception. And at the John Austin reception given by the Republic National Bank of Dallas, the cameraman "caught" Mr. & Mrs. E. Gordon Smith, Lawyers Title, Dallas,

with other Dallasites Mr. & Mrs. J. DuVal West, Jones-West Mortgage Co., with son, DuVal Jr., center. Also there (in photo below): Mr. & Mrs. Jerry B. Frey, Brown-Frey Mortgage Company, Dallas, and Mr. & Mrs. E. R. "Pat" Haley, General Mortgage Corp. of Iowa, Des Moines.



Above, right, also at the Republic reception: James W. Bryant, Lincoln National Life Ins. Co., Fort Wayne, Ind.; Hubbard Sherry, Central Ohio First Mortgage Co. Columbus; J. F. Hott and S. J. Caldwell, Panohio Mortgages, Inc., Columbus. Directly below, officers and their wives at the after-dinner reception of the Advance Mortgage Corporation of Detroit and Chicago: Mer-

rill Bonnevier, Sidney Kaye, Mrs. Kaye, Otto A. Reinners, Mrs. Reinners, Mrs. Irving Rose, Irving Rose, Mrs. Bonnevier. And, last, the colorfully decorated buffet table at the Brookhollow Golf Club luncheon given by John and Helen Austin, the Sunday before Convention.





And More of the Same

Serenaded first by traditionally costumed Mexican troubadours, guests at the Austin luncheon then were treated to an all-Mexican menu which included such specialties as Guacamole ring, tamales, meat tacos with salad, chili con carne, enchiladas, chili beans, etc. Sharing in the pleasant occasion were (above, left): Mr. & Mrs. Hiram S. Cody, Winston-Salem, North Carolina, and Mr. & Mrs. George H. Patterson, Largo, Florida. Next, Mr. & Mrs. Harry

Held, New York City, share a hearty laugh with John and Elizabeth Hall, Birmingham. That's Donald K. Vanneman, Atlanta, smiling over John's shoulder. Below (left): Elmer H. Grootemaat, center, Milwaukee (the newly elected Bankers Legion Secretary), with Mr. & Mrs. Tom McDonald, Houston, and Mr. & Mrs. Jay Zook, Cleveland.



In photo at far right, above, that's Mrs. Wm. W. Beal, Waterloo, Iowa, in center, with Mr. & Mrs. Edward F. Lambrecht, Detroit, and Mr. & Mrs. Frank J. McCabe, Jr., Chicago. Below, a congenial quintet: Mr. & Mrs. H. E. Green, Chicago, Hiram S. Cody, Mr. & Mrs. Thomas E. Lovejoy, Jr., New York. In

the final photo, the family of John Austin. Seated, left to right: Mrs. Mary Thacker, a sister; Mrs. Jeff Austin, a sister-in-law; daughter Mary; and Mrs. John F. Austin, John's mother. Helen and John are in second row, next to John's brother Jeff.





THE CONVENTION

(Continued from page 33)

the liquidation of properties securing VA-guaranteed loans, it is inevitable that VA will acquire from time to time choice residential properties, and we desire to dispose of them as expeditiously as possible. We have recently liberalized our selling terms, so that low interest rate, long maturity, no-downpayment terms are often available to purchasers. Furthermore, the brokers are paid their sales commission in cash when the sale is closed, regardless of the amount of cash downpayment by the purchaser. In this market, I doubt that such favorable terms are available elsewhere for prospective home purchasers. Since your GI loan origination business is falling away, you may want to consider this potential source of supplemental income for your organizations.

"I am sure that your industry will continue to service loans diligently as in the past and to strive even harder to preserve the outstanding record achieved in assisting our veterans in retaining their homes. You can take great pride in the knowledge that your activities have been beneficial, not only to the veterans, but to the nation's economy as well."

Albert J. Robertson, chairman of the Federal Home Loan Bank Board, was another distinguished guest

speaker at the Convention—a gratifying addition to the program because mortgage banking and the field of lending and saving, which his agency represents, ought to know each other better.

Commenting on the rapid growth of the System since it was founded in 1932, he reported that the number of member institutions has reached 4500, with assets in excess of \$45 billion and savings capital of some \$39 billion. The district Federal Home Loan Banks have resources of over \$2 billion.

"The eleven Federal Home Loan Banks and their members constitute the largest mortgage reserve in the world. Member savings and loan associations finance more than one-third of the nation's urban homes. As funds are needed, the Banks sell their consolidated Federal Home Loan Bank obligations in the public market, creating an investment that has won wide acceptance and tapping new sources of funds for the financing of homes."

Chairman Robertson commented on the Board's recent regulations authorizing insured savings and loan associations to make participating loans beyond their regular lending area. He pointed out that these regulations are helpful in increasing the mobility of funds within the Bank System by channeling money from areas of sur-

plus to areas deficient in home mortgage funds.

In addition, the Board has under active consideration means of channeling long- and intermediate-term capital funds into the residential mortgage market. He pointed out that the Board's plans are not yet definite but that they might take shape something like this:

"The Board could sell an appropriate amount of intermediate to long-term obligations in the investment market. Either the proceeds could be lent directly, in the form of long-term advances to those associations which could use them, or, under another plan, they could be used, subject to appropriate legislation, to finance a secondary market within the System, or as a separate operation."

He said that the first plan would be the quickest and simplest to set up, requiring only an extension of the Board's present system of selling consolidated obligations in the open market.

"Our most recent idea in this respect is to tie in the sale of a limited amount of approximately five-year consolidated obligations with a moderate increase in the percentage of advances to withdrawal capital for members wishing to use longer term advances.

"One important aspect of obtaining longer term money is the desirability of shifting at least a portion of short-term borrowings into longer terms. Operating exclusively in the shorter end of the market for total funds does not provide an over-all balance of the borrowings of the System.

"During the first nine months of 1957, net savings receipts were \$3,149 million—only \$300 million less than during the same period last year. With three months to go, and there are signs of a slight pick up, it would appear, with everything considered, that the net savings growth of associations for the full year of 1957 should amount to about \$4.7 billion, some \$300 million less than last year. Lending volume may be less by about an equal amount, which would bring it to about \$10.3 billion for the current year."

So much for the capital viewpoints—and, incidentally, the addresses of these men, as well as those for practically all the other Convention speak-

(Continued on page 45)

1. At the Western party, in Dallas' new Memorial Auditorium, a real "Western" group: Mrs. James J. Teeling; Mr. & Mrs. Stuart Holloway, Mercantile National Bank; C. F. Nettleship, Jr., Columbian National Life Ins. Co., Boston; Mrs. Ed Sims, Owen Murphy, Mrs. Errett Cummings and Jim Teeling. Jim and Paul Crum were Party co-chairmen.

2. More Western folk: Mr. & Mrs. A. A. Abernathy, The Joyner Mtge. Co., Dallas, with their "Indian" relations, Mr. & Mrs. A. N. Abernathy, The National Life & Insurance Co., Dallas.

3. A general view of merry partygoers. Mexican stoles for the ladies, bandannas and hats for men, added an air of Western authenticity to this spectacularly successful event.

4. That's Wilbur K. Allen with Mrs. John Cobb and Mrs. John C. Hall, all from Birmingham. Others include John Cobb, Mr. & Mrs. Carey Winston, Washington, D. C., and MBA's new president, John Hall.

5. Those "preacher men" Tom Melody, New Haven, and George W. Lubke, Jr., Daytona Beach, Fla., "tie the knot" (all over again) for Mr. & Mrs. Charles J. Lyon, Hartford. Mr. Lyon, president of the National Association of Mutual Savings Banks, addressed the Convention.

6. "Cowpokes" and "cowgals" line up for a real Western chuckwagon dinner, which included sourdough biscuits and fried pie among other tasty items.

7. Smiling for the camera: Mrs.

Henry H. Edmiston, Kansas City, Mo.; Mr. & Mrs. W. J. Laidlaw, Jr., Fort Worth; Mr. & Mrs. Jim Biddle, Dallas; Dwight Webb, Springfield, Mass.; Mrs. Frank Kiner, Los Angeles; A. I. MacDonald, Springfield; Mrs. Paul Crum, Dallas; Mr. & Mrs. W. C. Keesey, Philadelphia; Mrs. Beverly Roberts, Dallas; Henry H. Edmiston, Kansas City, Mo.; Mr. & Mrs. Waldo Francois, New Orleans, and Paul Crum.

8. Mr. & Mrs. Perch P. Hankin, Bank of Old York Road, Willow Grove, Pa., with prize-winning, "best dressed" couple, Mr. & Mrs. Alex Castro, T. J. Bettes Co., Honolulu.

9. A real Texas gentleman—and a sheriff to boot—alias Miles L. Colean, of Washington, D. C., with Mrs. Colean and, on their left, Paul Nalen, Mutual Benefit Life, Newark.

10. Best costume winner among the ladies, Mrs. Max L. Bates, with Mr. Bates, T. J. Bettes Co., San Francisco. Other prize winner, Geo. W. DeFranceaux, Frederick W. Berens, Inc., Washington, D. C., is not pictured.

11. That's Mr. & Mrs. Geo. H. Patterson, left, and Mr. & Mrs. Frank J. McCabe, Jr., right, of the MBA Headquarters office, with other staff members.

12. Big Tex keeps watch, as hungry partygoers stake out claims for eating space and vantage points from which to watch the evening's entertainment which included a square dancing exhibition, dancing to Jan Garber's orchestra, some top specialty acts, and other features.



Convention Scenes and Views

Popular features among the Convention's many were the traditional Farm Loan Luncheon and Clinic, and the Young Men's Activities Committee Breakfast Meeting and Discussion Period, an event which each year draws an increasingly larger membership response. This year, 128 members attended the YMAC breakfast and 63 joined in the Farm Loan Luncheon.

Top panel photos (above) show, first, Roy C. Johnson, Albright Title & Trust Co., Newkirk, Okla., who presided at the Farm Luncheon, with speakers Dr. Arthur A. Smith, First National Bank in Dallas, and George A. Fletcher, The Travelers Insurance Co., Hartford; with Paul Mann, Fidelity Investment Co.,

Wichita, meeting chairman. Next photo: an overall view of the luncheon group. Others show the YMAC Breakfast group; and next: James B. Biddle, M. P. Crum Co., Dallas, the program speaker, with YMAC chairman Joe Jack Merriman, Kansas City, Mo.; John C. Hall, and George C. Dickerson, YMAC vice chairman, Jacksonville, Fla.

As part of standard Convention procedure, all MBA national committees met and planned their programs for the forthcoming year. Lower panel photos show the GI, Mortgage Market, FHA and Clinic Committees in session.



School of Mortgage Banking: Second Graduating Class

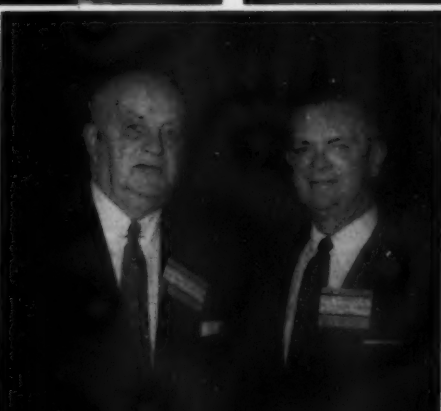
Impressive—and meaningful—was the ceremony which marked the graduation of the second class to complete the three-year course of MBA's School of Mortgage Banking. Ninety-four men and five women, representing both the Northwestern and Stanford University groups received certificates. Dean G. Rowland Collins, Graduate School of Business Administration, New York University, gave the commencement address. Dr. Harold W. Torgerson, representing Northwestern University, and Dr. Herbert E. Dougall, representing Stanford, each spoke and shared in the awarding of certificates. Those receiving certificates included:

Harry G. Anderson, Denver; Richard G. Armstrong, Corpus Christi; Donovan R. Ballard, Chicago; L. O. Benson, Houston; W. Richard Blagdon, Cleveland; Mitchell F. Blair, Pasadena; Frank C. Bliss, Jr., Fort Worth; Allen C. Bradley, Denver; A. F. Browne, Phoenix; Glenn L. Clemetson, Richmond, Calif.; William G. Coons, Tucson; Vernon B. Cooper, Vernon, Calif.; Earle J. Cottrell, San Francisco; James P. Cozzens, Cleveland; Al W. DesMarteau, Kansas City, Mo.; James R. Dezell, Miami; Della A. Diggs, Tucson; Lowell H. Duggan, Alameda, Calif.; Vinton H. Dutcher, Santa Rosa, Calif.; Edward A. Ferguson, Logan, Utah; Arnold A. Frederick, Waverly, Iowa; W. W. Gamble, Atlanta; R. C. Gamel, Houston; James C. Gossett, Houston; Richard A. Griswold, Kansas City, Mo.; Edward L. Groth, Hammond, Ind.; Robert G. Guempel, Elizabeth, N. J.; Brucks E.

Hall, Houston; James P. Hall, Dothan, Ala.; John T. Hanlon, Kansas City, Mo.; George S. Harkins, Hackensack, N. J.; Elmore Harmon, Jr., Memphis; Earl P. Herting, York, Pa.; J. William Hubbard, Jr., Charleston, W. Va.; G. Thomas Hudson, Evansville, Ind.; Philip C. Jackson, Jr., Birmingham; Robert H. Jones, Washington, D. C.; Walter C. Kautz, Cincinnati; F. Werner Keil, Milwaukee; Sheldon E. Kirchman, Chicago; Clifford M. Kurrus, St. Louis; Cedric W. LaMarr, Los Angeles; Thomas M. Lebling, Chevy Chase, Md.; James Linder, Memphis; Martin J. Lindloff, New York City; Gordon Longacre, Los Angeles; Eleanor Lutz, Longview, Wash.; John M. MacDonald, Seattle; Jim H. Major, Fort Washington, Wis.; Erwin Manzke, Chicago; Robert N. Martz, Minneapolis; William J. Maxwell, Redwood City, Calif.; W. F. McCarver, Dallas; Benjamin McEwen, Detroit; Herndon McKay, Seattle; Donald McMullen, Council Bluffs, Iowa; Jack R. McNutt, Memphis; Thomas W. McQueen, Jr., Arlington, Va.; Joshua I. Miller, Washington, D. C.; Dale W. Mitsch, New Albany, Ind.; George R. Monroe, Wichita; Darwin W. Morse, Jr., Wichita; George H. Moskalik, Minneapolis; John T. Nixon, Birmingham; F. C. Noe, Concord, Calif.; Jacqueline Nyquist, San Rafael, Calif.; Dean M. Olson, Chicago; Max B. Ostner, Memphis; Joe M. Pearson, Portland, Ore.; Thomas F. Perrone, Philadelphia; Eldon G. Pritz, Minneapolis; George R. Randolph, San Diego; John H. Rhuart, Phoenix; Frank J. Romeo, Memphis; Lewis W. Russell, Arlington, Va.; John H. Rutledge, Cincinnati; Daniel W. Schofield, Helena, Mont.; Vernon J. Shepard, Greensboro, N. C.; Warren E. Shryock, Kansas City, Mo.; R. G. Shumway, Salt Lake City; James B. Simpson, Houston; Madge E. Stacy, Los Angeles; Charles N. Stillwell, Wichita; John F. Stone, Memphis; Hugh H. Tebault, Alameda, Calif.; William M. Thom, Minneapolis; Charles H. Thorne, Lincoln, Neb.; Robert W. Ullman, Los Angeles; Peter H. Ulrich, Riverside, Calif.; Kirby D. Walker, Seattle; James M. Walsh, Pittsburgh, Pa.; Clarence H. Walton, Jr., Santa Ana, Calif.; Donald G. West, Washington, D. C.; Cary Whitehead, Memphis; S. J. Whiteside, Fort Worth; Donald E. Wilding, Louisville; Guy Williams, Kansas City, Mo.; Elmer C. Woehler, Chicago; Gordon C. Young, Los Angeles.

Graduation: Candidates for certificates file into Convention auditorium; then are seated in special graduates section. Middle row: Philip C. Jackson, Jr., Educational Committee chairman, addresses the assembly; Al W. DesMarteau, Kansas City, Mo., receives certificate. Bottom photos: John Austin presents certificates to James

C. Gossett, Houston, and Robert N. Martz, Minneapolis; Dean G. Rowland Collins, New York University, who gave commencement address, with John Austin; Thomas J. Melody, New Haven, speaking on behalf of the School's alumni.



The Ladies, Too, Were Active

Yes, the ladies, bless them—and over 900 accompanied their husbands to Dallas—participated enthusiastically in Convention activities, lending charm and sophistication to the proceedings. A favorite rendezvous spot, where the ladies could “get away from it all,” talk over the day’s events, meet old friends and make new ones—while enjoying a cup of coffee—was the Ladies Hospitality Suite. Pictured below, are Mrs. Glenn Justice, Mrs. James A. Cheek, Mrs. J. W. Jones, Mrs. Ben Wooten, Mrs. J. DuVal West, all of Dallas, and Mrs. F. E. Williams, Jr., Macon, Ga.

And, of course, this year’s fashion show was something pretty special, with Neiman-Marcus supplying the models and the eye-catching creations. The ladies, obviously, enjoyed it—to judge from the photos at bottom, left, and top, right, of this page. In top photo, at left of table, are Mrs. M. J. Mittenthal and Mrs. J. DuVal West, whose efforts, together with their husbands’, contributed so much to the affair’s overall success. Other photos on page show various groups at the ladies’ companion dinner held concurrently with the Mortgage Bankers Legion dinner Saturday, preceding the Convention opening.



THE CONVENTION

(Continued from page 41)

ers, are available in full text for members who would like to read them. Just write the national office in Chicago.

Crossing the street to get another viewpoint, members were privileged to hear from a representative of a phase of our operations vitally important to our success.

Charles J. Lyon, president of the National Association of Mutual Savings Banks and president of the Society for Savings in Hartford, projected a view of mortgage volume, a prediction which is not altered by events of recent days. For the next several years we can expect a volume of mortgage financing more comparable to what will be done this year rather than what was done in 1955, resulting in an annual addition to the nation's housing supply of between 900,000 and 1,000,000 new units, he said:

"Unless large new sources of mortgage money are discovered, this relatively stable picture should continue until the great tidal wave of new families hits us in the 1960's. When that day comes, we must be as ready as we possibly can for a new boom in home building. We must make every effort at this time to improve the quality of the product that we are financing and to take every measure to encourage the habit of thrift among our people."

In his address, Mr. Lyon attacked the continued government emphasis on controlled and subsidized interest

rates in the field of mortgage lending.

"Congress and the Federal housing authorities seem determined to force upon the industry non-competitive interest rates and to further impede the flow of mortgage money to the areas where it is in scarcest supply by the recently instituted discount regulations. Arbitrary and artificial restraints can only work to slow down the free management of mortgage money throughout this country. We have been told that the political facts of life will not permit the elimination or even the relaxation of these artificial restraints. It is hard for me to believe that this is so. We shall continue to advocate a free interest rate in government insured mortgages in the belief that the best interests of the home purchaser and those who serve him will be furthered by the free flow of money throughout the country.

"The price for the removal or relaxation of these government restraints might be a material decrease in the percentage of the government insurance. I believe that this would be a price well worth paying."

A threat for further governmental control—a control that is inflationary—looms ahead, Mr. Lyon warned.

"In the last session of Congress, there was considerable effort to further expand the field of the Federal National Mortgage Association special assistance program, and it is believed that this effort will be renewed at the next session of Congress. Already, FNMA special assistance is supporting several of the FHA programs, but it is now

urged that FNMA with a 4 per cent interest rate be extended to finance homes for persons of moderate income, persons who are at an alleged disadvantage in obtaining financing by virtue of race, creed, or color, elderly persons, single persons and persons having five or more dependents. This additional expansion of government credit would be highly inflationary, would be another great step in the direction of direct government lending, and would constitute a threat of pre-exemption by government of these and other fields of mortgage investment. We must do everything we can to meet this challenge of additional government credit, principally through renewed and extended efforts on our part to tailor our policies to the needs of all segments of the population.

"It is for this reason that I am urging the savings banks strongly to participate actively in programs of urban rehabilitation and redevelopment. I believe that all concerned with the real estate and mortgage yields should likewise devote attention to the problem. It is going to increase in importance in the years to come. Enlightened self interest, as well as public spirited interest in the welfare of our nation, demands that we all do our share."

H. Ladd Plumley, president of the State Mutual Life Assurance Company of America, favored the Convention with a message that had been carefully considered and contained some ideas and suggestions which every mortgage man might well ponder. He said:

Winner of the 1957 MBA Distinguished Service Award, **Howard E. Meyer**, of the New York Life Insurance Company, receives his plaque from **John F. Austin, Jr.**, in photo at left. In special recognition of that firm's generous contribution to the

MBA Research and Educational Trust Fund, a special presentation was made to the **T. J. Bettes Company of Houston**. **Mrs. Ruth Bettes** (below), accepted the plaque, as **John Austin**, president of the firm, stood by. **Byron T. Shutz** made the presentation.



"I would commend to you the placing of immediate emphasis on two areas: one, the improvement of the processing of mortgages in the field and in the source offices and two, the study of the problem of management succession including the recruiting and training of personnel . . .

"Now, we have heard a good deal, over the past two years, about the falling off in the mortgage market, and that this home building industry has been one of those involved in what is now diplomatically phrased as a rolling adjustment. Someone has said that a period of rolling adjustment is when you live within your income until you get your confidence back. But it is a fact, that during this period the attractiveness of mortgages has declined in relation to the attractiveness of bonds, due to net yield. There are many people of considerable wisdom who think the present yield on securities is about what we should expect for some years to come. If this is true and we are to provide to the American people the volume of mortgage loan money which they need, it is up to everyone of us to do all we can to improve the attractiveness of mortgages. The amounts of money presently allocated for servicing costs thereby become a critical question and one which I think we should examine in frankness and with considerable energy. Data processing machinery of many kinds is being so reduced in size that it will become of great value in the transacting of this business. For while we talk of these large volume figures the transactions are not in mass, but every mortgage written represents scores of individual items to be recorded.



John C. Hall accepts the traditional photograph and signatures of well wishers presented to each incoming MBA president by the Mutual Benefit Life Insurance Company of Newark. Paul A. Nalen makes the presentation.

From the President to Mr. Austin

To the members of the Mortgage Bankers Association of America assembled in their 44th annual Convention, I send greetings. Your Association plays a strong role in the development and implementation of our housing programs across the land. Your influence upon the housing opportunities of American families is in the public interest and adds strength to the economic well being of the nation. Best wishes for a stimulating and productive Convention.

Dwight D. Eisenhower

"In this whole area there is a wide field for the application of proper machinery to materially reduce the cost of servicing, thereby increasing the net yield to the lender and adding substantial attractiveness to the form of investment. This will benefit all parties—the public through greater availability of funds—the correspondent through a larger possible volume of business, the lender through an increase in return.

"Then there is (also) an immediate problem of management succession, near term and long range."

"I would recommend for your consideration, adoption and promotion of a decentralized community activity program. The planning and redevelopment and rehabilitation of urban areas, the location of expressways and toll roads, the creation of adequate parks and recreation facilities are crying out at the present time for people with know-how to help them with their problems. Outside of those who devote their talents one hundred per cent to this kind of planning activity (and they are few and far between) there is no group that could contribute more to this need than the mortgage loan correspondents and those in source institutions. I plead with you to identify yourself with this great need of America today—identify yourself personally and from a vocational standpoint."

Ben H. Wooten, head of Dallas' big First National Bank, former president of ABA and one of the country's most respected bankers, gave the assembly an exhaustive and competent rundown of the economy at the present time—and injected something new into our present thinking, a tax-free government bond.

"Let's carefully consider the issuance of maturity lengthened tax-free U. S. government bonds to be ex-

changed for current issues as they mature. By following this method, no new money would come off the printing presses directly or indirectly, and the economy would be strengthened by the mobility of bonds held by those persons needing funds. Sales of such bonds would absorb money from the existing supply and not put any new money into circulation. There is, in my thinking, no reason why an ordinary levy district or other municipal bond should have a tax advantage over a U. S. government bond.

"At this time there is no war; tax collections are the greatest in the history of our country—and yet the bonds of the U. S. Government are selling more than \$5 billion below face value.*

"Some of the arguments against the issuance of a tax-exempt U. S. Treasury Bond are as follows:

"1. It is claimed that the government will lose revenue in that it is now collecting income tax from persons and corporations owning government bonds. Offsetting this argument would be that the tax free bonds could be sold at approximately half the present coupon interest rate, and we are of the opinion that not one-half the interest now paid on the government debt is collected back in income tax. A careful analysis could show whether or not we are correct in this thinking. From the ownership list referred to above it is evident that owners of an amount aggregating a sum between \$80 billion and \$100 billion do not pay federal income tax.

"2. It may be said that non-taxable federal bonds favor the rich. This is open to question; however, my thought is that if the federal government can set the maturity dates over a long period of time, and the rich

*There's been some firming of prices since Mr. Wooten spoke.

(Continued on page 53)

Election in MBA

► **John C. Hall—President**

► **Walter C. Nelson—Vice President**

► **Perry S. Bower—Treasurer**

► **Frank J. McCabe, Jr.—Executive Vice President**

THE customary election of officers at the annual MBA meeting featured the usual changing of administrations as well as filling a top Association post for the first time and the selection of a new chief executive and administrative officer, the first such change in 26 years.

The new administration took over with the election of **John C. Hall**, president of Cobbs, Allen & Hall Mortgage Company, Inc., Birmingham, as president to succeed **John F. Austin, Jr.** of Houston. **Walter C. Nelson**, president of the Eberhardt Company, Minneapolis, was named vice president.

Perry S. Bower, assistant general manager and treasurer of The Great West Life Assurance Company of Winnipeg, was elected first treasurer of MBA. This is a change from previous Association procedure, with the secretary's position now becoming that of executive vice president and the treasurer's post now being an

elective position from the membership.

Frank J. McCabe, Jr., was elected executive vice president of the Association to succeed **George H. Patterson**, who had held the post of secretary and treasurer for more than 26 years. Under his new title, Mr. McCabe becomes the chief executive and administrative officer of the Association.

Elected members of the board of governors for the term ending 1961 were:

Carey Winston, president, The Carey Winston Company, Washington, D. C.

Vern R. Steffensen, senior vice president, First Security Bank of Utah, N. A., Salt Lake City.

E. R. Haley, president, General Mortgage Corporation of Iowa, Des Moines.

J. W. Jones, partner, Jones-West Mortgage Company, Dallas.

Howard E. Green, president, Great Lakes Mortgage Corporation, Chicago.

Edward F. Lambrecht, president, Lambrecht Realty Company, Detroit.

Robert Tharpe, president, Tharpe & Brooks, Inc., Atlanta.

Elected regional vice presidents were:

Region 1: **Peter V. Cloke**, mortgage secretary, The Guardian Life Insurance Company of America, New York.

Region 2: (to fill unexpired term of Carey Winston) **Frank J. Bell**, president, B. F. Saul Co., Washington, D. C.

Region 3: **John A. Gilliland**, vice president, Knight, Orr & Company, Inc., Jacksonville, Florida.

Region 5: **Frank P. Flynn, Jr.**, executive vice president, National Homes Acceptance Corporation, Lafayette, Indiana.



Walter C. Nelson



Perry S. Bower



Frank J. McCabe, Jr.

**New
Members
of the
Board**



Carey Winston



V. R. Steffensen



E. R. Haley



J. W. Jones



Howard Green



E. F. Lambrecht



Robert Tharpe

**Regional
Vice
Presidents**



Peter V. Cloke



Frank Bell



John Gilliland



Frank P. Flynn



Frank Shugrue



Homer Bastian



T. A. Robinson



C. A. Hardesty

**Associate
Governors
at Large**



Harry Held



Eugene Knight



W. W. Wheaton



Robert L. Beal



B. B. Bass



Albert L. Buchner

Region 7: **Frank R. Shugrue**, second vice president, Bankers Life Insurance Co. of Nebraska, Lincoln.

Region 9: **Homer C. Bastian**, president, The Fidelity Investment Company, Wichita.

Region 10: (to fill unexpired term of J. W. Jones) **T. A. Robinson, Jr.**, president, First Mortgage Company of Houston, Inc., Houston.

Region 11: **Clarence A. Hardesty**,

president, Carrell Mortgage Company, Seattle.

Elected associate governors at large were:

Region 1: **Harry Held**, vice president, The Bowery Savings Bank, New York.

Region 3: **Eugene Knight**, president, Eugene Knight, Incorporated, Tampa.

Region 5: **W. W. Wheaton**, president, The Galbreath Mortgage Company, Columbus, Ohio.

Region 7: **Robert L. Beal**, president, Iowa Securities Company, Des Moines.

Region 9: **B. B. Bass**, president, American Mortgage & Investment Company, Oklahoma City.

Region 11: **Albert L. Buchner**, vice president, Commonwealth, Inc., Portland, Oregon.

Elected as members of the Trust Committee were Mr. Held and Mr. Cloke.

Mr. Hall is a native of Georgia and graduated from the Georgia Institute of Technology in 1926. He began his business career in Birmingham with The Jemison Companies, a mortgage banking firm. He was later with the mortgage loan department of Metropolitan Life Insurance Company and in 1946 was one of the organizers of the firm which he now heads as president. He is a past president of the Birmingham Real Estate Board, the Alabama Real Estate Association and the Birmingham Mortgage Bankers Association. He has been a member of the Association's board of governors since 1949 and has served on numerous committees.

Mr. Nelson has been a member of the Association's board of governors and a former chairman of its educational committee. He has lectured at the School of Mortgage Banking and the predecessor Seminars and has also served as an extension course lecturer at the University of Minnesota. He was also on the faculty of the Educators Conference sponsored at the University of Colorado last year by the Educational and Research Trust Fund.

He is a former president of the Minneapolis Board of Realtors, the Minneapolis Mortgage Bankers Association and the City's chapter of the Society of Residential Appraisers. He now serves as chairman of the Multiple Listing Service in Minneapolis, and is a member of the National Committee of the Voluntary Home Mortgage Credit Program.

Mr. McCabe joined MBA in 1946 as its first Director of Education and Research, a post he held until he was elected Assistant Secretary and Treasurer. He was largely responsible for development of the Association's Mortgage Banking Seminars and the School of Mortgage Banking. During the earlier years of his career with

MBA, he supervised the development of *Mortgage Loan Servicing Practices*, the first textbook on mortgage servicing and *Mortgage Banking*, the first complete work on the mortgage industry as a whole. In later years, he directed the development of the MBA mortgage bankers blanket bond.

He was born in Chicago and holds a B.S. degree from Northwestern University, as well as a law degree from Northwestern School of Law. He practiced law in Chicago from 1935 to 1942. He served in the Navy for four years during World War II and was commissioned a Lieutenant. He is a member of the Chicago Bar Association, the American Finance Association, the Naval Post of the American Legion and the Trade Association Executives Forum. He is married, has four children and lives in Mount Prospect, Illinois.

Members heard a report of the composition of their Association at the present time. Total membership is 1974, of which 1600 are regular

members, 247 associate members and 127 limited members.

Of the regular members, 1002 are mortgage companies, followed by 378 banks, 153 life insurance companies, 55 title companies, 9 fire insurance companies and 3 fraternal institutions.

In the limited member category, brokers lead with 41, followed by 24 title companies, 14 mortgage companies, 14 life insurance companies, 22 savings and loan associations, 8 banks, 3 fire and casualty companies and 1 private investment company.

Detroit MBA to Elect New Board Members

Three new members will be elected to the Detroit MBA Board of Governors for a three-year term at the group's annual Banquet Meeting, to be held December 5 at the Hotel Fort Shelby. Nominees include: Ronald W. Bainbridge, W. Emerson Clyma, William A. Howe, Sidney Kaye, Stuart B. Micklethwaite and Donald H. Mittel.

IT PAYS
TO DO BUS-
INESS WITH
PARAMOUNT
FIRE INSURANCE
COMPANY

SAN FRANCISCO, CALIFORNIA
PHILADELPHIA, PENNSYLVANIA
SKOKIE, ILLINOIS
ATLANTA, GEORGIA

New Revised Edition DIRECTORY OF AMERICAN SAVINGS & LOAN ASSOCIATIONS

1957 ISSUE

Only complete directory of Savings and Loan Associations covering all 48 states and the District of Columbia. Over 6400 entries. More than 2000 dividend rates. Listings alphabetically by State and City, name of Association, location, key officials, assets, memberships in Federal agencies. 265 page cloth bound volume. \$25. postpaid. Sample pages on request.

T. K. SANDERSON ORGANIZATION

Directory Publishers

200 E. 25th St. Annex Baltimore 18, Md.

Meet Mr.

EACH new Association year brings with it the welcoming into office of a new chief executive—and this year the hand of welcome is extended to a certain gentleman from the South, John C. Hall of Birmingham, Alabama. In assuming the leadership of MBA for the 1957-58 year, John becomes its 39th president and the first to hail from Alabama.

Born in Carrollton, Alabama, on October 27, 1905—the only son of O. Garret and Clara Cox Hall—John spent his early years in Albany, Georgia. There he attended public school, graduating from Albany High in 1922.

John's interest in athletics—an interest which he retains today—manifested itself at an early age; as a youngster and on through his high school and college years, sports ranked as one of his major interests. A high school letter man in football, basketball and baseball, John was captain of the school's basketball team.

At the Georgia Institute of Technology, which he entered in the fall of 1922, John played in both freshman and varsity basketball and "scrubbed" in baseball until a knee injury forced him to give up playing in his junior year. The spirit of dogged determination and fair play, which is so representative of John's business personality, revealed itself even then in his collegiate athletic career.

John Hall, as seen with
his family at the Convention
in Dallas, just moments before
he assumed the MBA presidency.

That's Mrs. Hall next
to him; and, at left, son John Jr.
and wife, Gayle.

In the words of Tech's dean of students, George C. Griffin: "... he went out determined to do well, and before leaving school, he had developed into a very fine basketball player. This trait seems to have stuck with him all through his life, and I believe his making good in basketball has had a lot to do with his success. . . ." John, when called upon to recount his basketball experiences with Tech, modestly discounts the issue—and this is typical of John—with the simple statement of fact: "We never did beat anybody."

While at Tech, John was a member of the Sigma Alpha Epsilon social fraternity and was elected to membership in Delta Sigma Pi, an honorary commercial fraternity. He received his B.S. degree in Commerce in June, 1926.

John's business career began in Birmingham, where he took up residence immediately after graduation from Tech. His first position was with the Jemison Companies, a large development and mortgage loan organization. Starting originally in the subdivision

department, John ultimately worked in connection with property management. In 1932, John accepted a position with the Metropolitan Life Insurance Company, in the mortgage loan department. He was, in fact, Metropolitan's very first so-termed "field man."

John remained with Metropolitan for five years, resigning in 1937 to accept a position with the Realty Mortgage Company, Metropolitan's correspondent in Alabama. Ten years later John made yet another change—a very important change, indeed—for he left Realty Mortgage to become associated in a business venture with two friends of many years standing, John H. Cobbs and Wilbur K. Allen, who at the time operated a general insurance agency, selling fire and casualty insurance.

Today Cobbs, Allen & Hall—a partnership—is still in the general insurance business, and Cobbs, Allen & Hall Mortgage Company, Inc., is one of the best known and largest mortgage loan firms operating throughout the state of Alabama. And John Hall is its president.



President

Behind the accomplishments of every successful man, there is a woman—so it is said. In this respect MBA's newly elected chief executive is no exception, and "the woman in his life" is his sweetly smiling, ever so gracious wife, Elizabeth. John and Elizabeth, a native of Birmingham, met at an SAE Founders' Day dance in 1929; and the following year, in October, they were married.

Home to John and Elizabeth Hall is at 3411 Montevallo Road, in Mountain Brook—a residential municipality adjoining Birmingham. The Halls have called that municipality home for some 17 years, ever since they built their home there on a choice, wooded two-acre lot in 1940.

Possessed of a strong sense of civic pride and community responsibility, John served for 10 years as Mayor pro tem of Mountain Brook, from the time of its incorporation until his resignation three years ago, when he withdrew from all political activity.

The Halls have one son, John C. Hall, Jr., who is associated with his dad in business, as secretary of the

Cobbs, Allen & Hall Mortgage Company. John Jr. attended Sewanee University and received his A.B. degree from Birmingham-Southern University, with a major in economics. Married, John Jr. and his wife, Gayle, also live in Mountain Brook, not very far from the Hall Srs. They are the parents of three lively sons—David, the youngest, who is only two; Porter, three years old; and John III, a New Year's Day baby in 1952.

Understandably enough, the youngsters occupy a prime spot in their grandfather's eye and much of the congenial gentleman's spare-time attention is focused upon them. In fact, they—more than any other single activity—rate the top spot of honor on John's list of hobbies, and a mighty lively "hobby" they are!

Among John's other hobbies can be listed fishing and golf. In golf he classifies himself as a "dub," but nevertheless enjoys playing in the Thursday and Saturday "dog fights" at the Country Club. In the realm of fishing, his biggest thrill came—he recalls—about 20 years ago when he

caught a 155 pound tarpon off of Boca Grande, Florida. Some "very light" yard work and flower garden "puttering" also rank on John's list of spare-time activities.

An avid football fan, John is still very much the loyal supporter of his alma mater, Georgia Tech. In fact, whenever that institution is playing in Atlanta or any other nearby locale, it can be expected that John will be among the cheering, expectant fans.

John and Elizabeth Hall are members of the Episcopal Church of the Advent of Birmingham. John, a member of the Board of Directors of the Birmingham Chamber of Commerce, for the Financial Division, is also a member of the Board for the Monday Morning Quarterback Club, an organization which to date has contributed more than \$1 million to the construction and operation of the Birmingham Crippled Childrens' Hospital. Funds for the Hospital are raised each year through the sale of tickets to a high school football game, played annually for that purpose. John, incidentally, was among the charter members of that club.

John, likewise, holds membership in the Birmingham Country Club, the Downtown Club and "The Club" of Birmingham. He is a member and former president of the Redstone Club, a social club organized in 1907. This club, each year, presents a group



John and his three grandchildren:

left to right, John Cox Hall, III,

age 6; Porter Hall, age 3;

and David Hall, age 2. The

angelic expression on Porter's

face gives warning of an

about-to-be launched "atomic attack."

of young ladies to Birmingham society at an annual Christmas Ball.

A past president of both the Birmingham Real Estate Board and the Alabama Real Estate Association, John is a former director of the National Association of Real Estate Boards. He was also a member of the Realtors' Washington Committee.

In the affairs of MBA, John has long been an active and dedicated member, an enthusiastic participant in all phases of committee work on both a local and national scale. He is a former president of the Birmingham Mortgage Bankers Association, having served two terms in that capacity. He has been a member of the Board of Governors of the national MBA since 1949 and has had under his chairmanship the Executive Committee, Membership Committee, Membership Admissions Committee and Research Committee, as well as the Finance Committee and the Conventional Loan Committee.

For his general all-round contribu-



John and Elizabeth Hall at the 1956 Christmas Ball of the Redstone Club. It was John's privilege, as president that year, to present to Birmingham society the 22 young ladies pictured with him and Mrs. Hall.

tions and unselfish services to the national Association, John received the MBA Distinguished Service Award for the Association year 1951-52.

Friendly, with a warm and expansive personality, John's infectious grin and hearty laugh win friends quickly. His Southern accent—always a "conversation piece"—has provided the subject matter of many an anecdote. One of John's own favorites concerns a recent speaking engagement in Canada, where he spoke before a combined English and French speaking group. Introduced as a "banker from the States," John's speech—though well received—was not as clearly understood by some of his audience as by others. They knew, John explains with a chuckle, that he *wasn't* speaking French, but there were some present who weren't one hundred per cent certain that he was speaking English, either.

While it is true that the immediate future of the mortgage market cannot be predicted with any great degree of accuracy, the future of MBA—as an association of national prominence and as an influential factor in the shaping of fiscal policy—need provoke no fears. For in selecting John C. Hall as its 39th chief executive, the Mortgage Bankers Association of America assures itself an administration of sound, capable leadership.

MBA's new chief executive when he was a sophomore at the Georgia Institute of Technology and played basketball for the school.

His many years of experience in the mortgage field, his management skills and his administrative ability will serve John in good stead. And he can be expected to bring to the office of MBA President the same high standards of service and leadership which he follows in the operation of his own mortgage firm and which have become readily identifiable traits of his in the business world.

For John Hall is a man possessed of a strong sense of responsibility. Dedicated to serious and conscientious endeavor, he is an ardent champion of all principles and ideas which to him have significance. He will never shirk a duty or turn aside a responsibility.

A worthy newcomer, indeed, to the ranks of MBA's top executives—John C. Hall!

—ROBERT J. BERAN

Utah MBA Elects Starley as President

Newly elected president of the Utah Mortgage Bankers Association for the 1957-58 year is Rulon Starley, vice president of the Commercial Bank of Utah, in Ogden. Serving with Mr. Starley will be Raymond G. Willie, vice president, First Security Bank of Utah, N.A., of Salt Lake City, as vice president; and as secretary-treasurer of the state organization, Franklin D. Richards, Jr., of the Richards-Woodbury Mortgage Company, Salt Lake City.

Announce New MBA Staff Addition

A new appointment to the MBA national staff has been announced by President John C. Hall. David C. Tolzmann has been named to the newly created position of Director of Meetings. In this capacity, Mr. Tolzmann will be responsible for all administrative details in connection with the Association's full conference and clinic program.



David C. Tolzmann

Mr. Tolzmann's previous experience includes ten years with The Equitable Life Assurance Society of the United States, in varying positions about the country. Most recently he was the residential mortgage supervisor for Equitable in Peoria, Illinois.

A graduate of Hamline University, St. Paul, Minnesota, he served for two years as aide to Rear Admiral Redfield Mason with the Japanese Navy and Coast Guard Advisory Group.

Mr. Tolzmann is married and the father of two children. He and his family live in Wheaton, Illinois.

Haines Appointed to VHMCP Post

H. Colin Haines, of Washington, D. C., formerly a vice president of Frederick W. Berens, Inc., has been appointed Executive Secretary of the Voluntary Home Mortgage Credit Program's Region IV office in Washington, it was announced recently by Housing Administrator Albert M. Cole, who is also chairman of the National Committee of the VHMCP.

Mr. Haines succeeds Malcolm M. MacFarlane who has resigned to take a position with the Federal Housing Administration. Mr. Haines has been deputy executive secretary of Region IV since December, 1954. He attended George Washington University, Washington, D. C.; the Graduate School of Banking at Rutgers University and the MBA School of Mortgage Banking at Northwestern University.

The Convention

(Continued from page 46)

people of the country wish to finance the government, let them do so. If they preserve their estates through this method, the inheritance tax will ultimately take its toll. The importance of extending the short term government maturities over a long period of time is the dominant factor in any event.

"3. It will probably be said that the plan I suggest would hamper the sale of municipal bonds. It did not do so in years gone by, and due to the fact that municipalities are paying in many instances more than 4 per cent per annum interest, we believe this argument falls of its own weight.

"4. It may be said that tax-free government bonds would materially affect the sale of corporate bonds. We would be reminded that long term bonds of some of the finest corporations in America are now selling at more than 4½ per cent interest per annum and thus a low rate tax-exempt bond would not necessarily have a detrimental effect.

"Income tax free U. S. Government bond issues are not new. We had them in varying degrees prior to the year 1942. It is said that Congress will never authorize the issuance of a tax exempt U. S. Government bond. In my thinking, the members of Congress, more than anyone else, have the responsibility to make possible the proper adjustment of the national debt whereby the present economic hazard can be lifted.

"Shying away from the problem will in no wise lessen it, and in my opinion positive steps should be taken whereby U. S. government bonds can stand on their own economic feet under extended maturities.

"We take great pride in the fact that ours is a land where a poor clerk can some day own a chain of stores; a tenant farm lad can become a plantation owner; a poor student can become a great scientist, a great teacher, a great lawyer or preacher. Ours is a land in which we do not have to kowtow to any potentate, for there is no one who can tell us what to buy, what to sell, what to lend, what to think, what to say, and how to pray. The maintaining of all these blessed privileges is contingent upon our keeping our money and credit sound."

NO FORECLOSURES IN TEXAS



No Sir, we haven't had a foreclosure in more than 25 years. And we're one of the oldest mortgage banking firms in Dallas — been negotiating first mortgage loans since 1924.

Many of you were in Dallas for the MBA Convention. We hope you were impressed and that you will plan on expanding to include the Dallas-Fort Worth area. When you do — why not do business with the best? We possess experience, aggressiveness and we mostly just aim to please. For all types of the best, Commercial, Industrial, and Residential loans contact:

M. P. CRUM COMPANY

1404 Kirby Building
Dallas, Texas

PAUL CRUM
President

JAMES B. BIDDLE
Executive Vice President

Riverside 7-6337

MEETINGS COMING UP

Full Schedule of Meetings for 1958

As always, the start of each new calendar year will bring with it an upsurge of MBA conference and clinic activity—the meeting schedule for the first six months of 1958 is a busy one.

Three major mortgage conferences—in Chicago, New York and Nashville—and mortgage clinics in two other cities are scheduled, in addition to the Senior Executive Conferences at NYU and SMU and the Servicing Clinics in Baltimore and Detroit.

Following close upon the heels of the February servicing meeting will come the traditional Midwestern Mortgage Conference in Chicago, to be held February 24-25 at the Conrad Hilton Hotel as usual. Local chairman for that event will be Robert H. Wilson of the Percy Wilson Mortgage & Finance Corporation.

In March will come the second major mortgage conference—the Southern Mortgage Conference in Nashville, Tennessee, at the Dinkler-Andrew Jackson Hotel and the Hotel Hermitage. Dates for this meeting are March 24-25. This will be followed, less than a month later, by the annual Eastern Mortgage Conference in New York City, at the Hotel Commodore, April 14-15.

Herschel Greer, Guaranty Mortgage Company of Nashville, will be the chairman of the Southern Mortgage Conference. In charge of the New York meeting will be Raymond T. O'Keefe, Chase Manhattan Bank.

April, too, will bring the first of the mortgage clinics—in Wichita, Kansas, when the Western Mortgage Clinic convenes there April 21-22, at the Hotel Lassen. H. Marvin Bastian of the Fidelity Investment Company will be chairman.

Final clinic of the year will be the Southwestern Mortgage Clinic, scheduled for May 8-9, at the Del Coronado Hotel in San Diego, California. This meeting will be under the chairmanship of Malin Burnham of John Burnham & Company.

NYU-SMU Senior Executive Courses to Open MBA 1958 Series in January

Opening event of the 1958 schedule of MBA meetings will be the 13th annual Senior Executives Conference to be held at New York University, January 21-23. Sponsored by MBA, in cooperation with the Graduate School of Business Administration of New York University, this conference annually proves one of the most popular of the Association's meetings.

Later that same month, January 26-28, the 3rd Southwestern Senior Executives Conference—a counterpart of the New York meeting—will be held at Southern Methodist University in Dallas.

Designed as "economic retreats" for the benefit of senior executives exclusively, these conferences provide an annual opportunity for a reappraisal of the economic factors and monetary policies, at all levels, currently affecting the industry. They provide, too, a realistic analysis of the position of housing in the total economy and an evaluation of the near-future status of the industry.

Under today's conditions, particularly, it is vital that those who direct mortgage banking operations—those who formulate the economic and operational policies—remain informed about the forces of economic competition, changes in lending policies and possible ways of improving the industry's position in the money markets. In order that the to-be-desired atmosphere of close conference intimacy be achieved, it is necessary that attendance be limited.

During the months of June, July and August, the MBA Schools of Mortgage Banking will be held at Northwestern and Stanford Universities—and, then, the year's final event, of course, will be the annual Convention, to be held again in Chicago, November 3-6.

Prime objective of these 1958 conferences will be to gain a perspective of the current status and roll of housing in the national economy. Subjects to be covered and materials to be presented will be totally different in nature from that usually included in the programs of MBA's standard regional conferences and clinics.

Baltimore Servicing Clinic in February

First Mortgage Servicing Clinic of 1958 will be held in Baltimore, at the Emerson Hotel, February 6 and 7. This will be followed on March 6 and 7, by a second such clinic in Detroit, at the Statler Hotel.

Programs for these two clinics have been developed by the MBA Mortgage Servicing Committee. Chairman of the committee is A. A. Johnson, vice president, Colonial Mortgage Service Company, Upper Darby, Pa. Assisting Mr. Johnson, is committee vice chairman John K. Benoit, manager Equitable Life Insurance Company, Des Moines, Iowa.



A. A. Johnson



John K. Benoit

In charge of the Baltimore Clinic is I. H. "Bud" Hammerman, II, president, S. L. Hammerman Organization, Inc., Baltimore. William W. Dwire, vice president, Citizens Mortgage Corporation, Detroit, is chairman of the Detroit meeting.

General theme for both clinics will be the same: "Participate and Profit."

The program of each is so set up that through active audience participation and general group discussion, those attending the clinic will not only find the answers to their own servicing problems, but will help others to solve theirs as well.

Each Clinic program will feature an investor - correspondent - government panel of nine members, consisting of three correspondents, three investors and three Washington officials from the offices of FHA, VA and FNMA. One investor representative and one correspondent representative will act as co-moderators. Each first day's session will feature a luncheon meeting at which either MBA President John C. Hall or Vice President Walter C. Nelson will speak.

Included in the program will be a variety of roundtable discussions. Topics to be featured will include delinquencies and foreclosures, modern escrow analysis procedures, office management and customer relations, as well as new ideas and developments in servicing. There will also be an electronic and tabulating roundtable which will emphasize problems and solutions peculiar to this type of accounting system.

Being returned to the Clinic program by popular demand is the feature: "Under \$20 Million Club." This session proved very successful at this year's meetings in St. Louis and Los Angeles. It is designed to offer the smaller mortgage banker with a loan portfolio not exceeding \$20 million an opportunity to discuss problems pertinent to his particular size operation.

The afternoon of the second Clinic day will be devoted to planned visits in offices of MBA member firms in Baltimore and in Detroit. Companies participating in this program will have had an opportunity to plan for these visits and all phases of their servicing operations will be explained thoroughly by employees who actually perform the work.

Working in conjunction with the MBA Servicing Committee, in the planning and coordinating of these meetings, are James G. Wasson and Robert J. Murphy of the Association's Servicing and Accounting Department.

Southern California MBA Hears Speech



At a recent meeting of the Southern California Mortgage Bankers Association, members heard Charles E. Ducommun, president of Ducommun Metals & Supply Company and president of the Los Angeles Chamber of Commerce, tell about long-term prospects for growth in the Southern California area.

Pictured in the photo above, left to right, are Gordon Calder, executive vice president of The Alison Company and secretary-treasurer of SCMBA; George Elkins, president, George Elkins Co. and SCMBA Program Chairman; Vaughn J. Cook of the Beverly Hills Securities Company and president of SCMBA; Mr. Ducommun; and John L. Lyman of Dwyer-Curlett & Company and vice president of SCMBA.

Indianapolis MBA Elects A. A. Savill

Albert A. Savill, president of Savill-Mahaffey Mortgage Company, Inc., of Indianapolis, was recently elected president of that city's local Mortgage Bankers Association.

Other officers elected were: Colin Dyer, manager of the Indianapolis mortgage loan regional office of Northwestern Mutual Life Insurance Company, as vice president; and Wallace C. Tomy, manager of the mortgage loan department of the Jefferson National Life Insurance Company, as secretary-treasurer.

Mr. Savill, born in London, England, lived in Boston, Massachusetts, until his move to Indiana in 1950. Well known nationally in mortgage circles, Mr. Savill was associated with the mortgage department of the John Hancock Mutual Life Insurance Company in Boston for 15 years. In 1953, he organized the firm of which he is president, and which, today, ranks as one of the largest of its type in Indiana. He is serving currently on the public relations committee of the national MBA.

As president, Mr. Savill has announced that the 1957-58 program of the Indianapolis group will be concentrated on the organization of a statewide MBA. Most noteworthy of the local association's accomplishments during the past year were their efforts toward the passing of a bill which shortened the Indiana mortgage redemption period to six months.

CMBA Sets March for 1958 Convention

March 13-15 are the dates chosen by the California Mortgage Bankers Association for its 1958 Convention, to be held at Palm Springs. Planning for the affair is under the leadership of Tom Murphy and Guy Mize.

Arrangements for the CMBA golf tournament to be held in connection with the Convention are being handled by the association's Young Men's Committee, under the chairmanship of Jack Opperman. The committee is responsible, too, for assisting in the planning of the "No Host" cocktail party to be given during the annual meeting.



PEOPLE AND EVENTS

Willis R. Bryant on January 1 will become associated with the Bryant Johnson Mortgage Company, formerly the Johnson Mortgage Company, in San Francisco. The firm is mortgage loan correspondent in northern California for the Massachusetts Mutual Life Insurance Company and will act as mortgage loan consultants, independent appraisers and specialize in conventional loans on commercial and industrial properties. Mr. Bryant is known nationally



Willis R. Bryant

for his intensive work over a long period of time in behalf of MBA. He won recognition during the early years of MBA's intensive membership development on the West Coast, where he took the lead in promoting our roster of members when the Association was not widely represented in the area. He has been the recipient of the Association's Distinguished Service Award and was a pioneer and active worker on the West Coast in organizing the School of Mortgage Banking at Stanford University at Stanford, California. He has lectured at the School as well as at the companion courses at Northwestern University. He has taught courses in real estate financing at the University of California as well. His recent book, *Mortgage Lending*, is a required textbook in real estate financing at the University of California in Berkeley, and the University of California at Los Angeles.

Ross Johnson was formerly a director of the HOLC in Kansas, and is a M. A. I. **David Johnson** is a graduate in law at Washburn University in Topeka, and is also a M. A. I. The firm will have offices at 9 Sutter Street in San Francisco.

W. Fenimore Cooper, president, Winter Mortgage Company, Los Angeles, announced the resignation of **Frank C. Winter** as chairman of the board, who will retire from business. **W. Norris Bucklin, Jr.**, was elected chairman.

Harry A. Cotter, vice president, Title Guarantee and Trust Company, New York, recently completed 50 years of service with the Company and was tendered a testimonial luncheon. He started as an office boy and is now vice president in charge of the firm's Queens County Office.

The George Elkins Company announces the promotion of **Frank J. Brice** to executive vice president and the association of **Robert M. Gould**, formerly zone manager of New York Life Insurance Company, Pacific Northwest, and his election as vice president.

Matthew J. Hunt, formerly vice president of Syndicate Mortgage Company, was named manager of the firm's Arcadia office and **B. John Gross**, formerly manager of Birmingham and Atlanta offices for Investors Diversified Services, was named loan processing officer.

Northern California MBA started off its new fiscal year under the administration of T. M. Murphy of the American Trust Company with a big golf tournament. This association now has 63 member companies and 181 associate members. . . . Philadelphia MBA members, at their October meeting, heard Dr. **Jules I. Bogen**, Professor of Finance, New York University, tell about "The Coming Improvement in the Mortgage Market."

MBA General Counsel **Sam E. Neel** has been elected chairman of the new Fairfax County Virginia Water Authority. The agency was created last September by the Fairfax Board of

County Supervisors to acquire, install and operate a county-owned water system. Counsel **Neel** lives in McLean, Virginia.

Richard D. Gilroy, formerly with The Northwestern Mutual Life Insurance Company and previously with Franklie Life Insurance Company, has joined **Harry S. Surkamp** Investment Company of St. Louis as vice president in charge of the firm's new commercial loan department.

The School of Business of the University of Colorado, where MBA held its second Educators Conference in 1956, is inaugurating an executive training program next year. It is a two-year course, embracing two weeks each summer with the initial offering June 15-27. It is designed for the prospective leaders at the top management level—men who presently are at a level below that.

American Title and Insurance Company, Miami, has purchased the Texas Title Guaranty Company, Inc., of San Antonio, Texas. Texas Title is one of the oldest title companies in Texas, founded in 1899.

Robert J. Tansey, secretary of Clapp-Thomssen Company, has been elected president of the Saint Paul MBA. He succeeds **Edward J. Johnson**, assistant treasurer, The Minnesota Mutual Life Insurance Company.

Peter M. Bies, assistant vice president, The American National Bank of St. Paul, has been elected vice president and **Ivan M. Lundquist**, secretary, H. & Val J. Rothschild, Incorporated, has been elected secretary-treasurer.

PERSONNEL AND BUSINESS NEEDS

In answering advertisements in this column, address letters to box number shown in care of the Mortgage Bankers Association of America, 111 West Washington Street, Chicago 2, Illinois.

WANTED TO BUY

We wish to buy used National Cash Register 3100 20" Posting Machines in good condition. Write Box 457.

It Happened in DALLAS . . .



GATHER a group of mortgage bankers together at a convention and it is just a matter of time before the discussion gets around to the subject of "tight money."

That's just what happened at the Statler Hilton. Two bankers were talking it over.

"When you buy mortgages today you certainly have to take every precaution to be sure you can sell that paper when you want to," one banker stated.

"Right you are. And buyers are more demanding than ever before," replied the second banker.

"At least I've found a way to prevent my title evidence on the mortgage from being turned down," said the first. "I get title insurance. Makes my sales go through faster."

"A quicker, smoother sale is one big benefit; but even before you sell a mortgage it's a sounder investment. We require title insurance on all our mortgages."

Why not require title insurance on *your* mortgages? Safer to hold. Easier to sell. See the Minnesota Title man near you or write our Minneapolis office.




TITLE INSURANCE COMPANY OF MINNESOTA

125 South Fifth Street Minneapolis 2, Minnesota
Federal 8-8733

*Capital, Surplus and Reserves in Excess
of \$4,000,000.*

ARKANSAS FLORIDA GEORGIA KANSAS
KENTUCKY LOUISIANA MINNESOTA MISSISSIPPI
MISSOURI MONTANA NEBRASKA NORTH CAROLINA
NORTH DAKOTA OHIO SOUTH CAROLINA
SOUTH DAKOTA TENNESSEE UTAH WEST VIRGINIA
WISCONSIN WYOMING CANADA



**title insurance
sends you . . .**

"Full Steam Ahead"

**on more profitable
mortgage transfers**

A sound, reliable Kansas City Title policy speeds up your transaction by answering your customer's demand for predetermined title security. For fast, experienced title service, ring up your Kansas City Title agent today.

***Kansas City Title
Insurance Company***

Capital, Surplus and Reserves exceed \$4,500,000.00
Title Building 10th & Walnut Streets Kansas City 6, Mo.

BRANCH OFFICES:

Baltimore, Maryland; 210 North Calvert Street
Little Rock, Arkansas; 214 Louisiana Street
Nashville, Tennessee; S. W. Corn. 3rd & Union Streets
Memphis, Tennessee; 60 North Second Street

The company is licensed in the following states: Alabama, Arkansas, Colorado, Delaware, Florida, Georgia, Indiana, Kansas, Louisiana, Maryland, Mississippi, Missouri, Montana, Nebraska, No. Carolina, Ohio, So. Carolina, Tennessee, Texas, Utah, Virginia, Wisconsin, Wyoming and in the Dist. of Columbia and Territory of Alaska.

